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Executive Master in Customs and Supply Chain Compliance

Approach to New Customs Authorisation Applications:

By what method can improvements to the UCC authorisation application process be developed and evaluated and what role therein could Dutch Customs have?

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Executive Summary

According to the information published on the website of the European Commission Taxation and Customs Union (Customs Are Business Friendly, n.d.), in 2021, 67,4% of imports involved a simplification procedure, entry in the declarant's records was used in connection to simplifications in 51,5% of cases in which goods entering the European Union (hereafter EU) were placed under a customs procedure, and the simplification rate with regard to transit was 62,2%. These are just a few numbers concerning EU customs facilitation which show how widely used and how important customs simplifications are.

To be able to use simplified procedures, various Union Customs Code, hereafter UCC, (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) authorisations are necessary, which can only be obtained if a prospective authorisation holder applies for them in one of the EU Member States. Those authorisations, excluding Authorised Economic Operator (hereafter AEO) authorisations, are applied for, and processed in an EU wide system called Customs Decision Management System (hereafter CDMS). Each EU Member State follows their own CDMS implementation schedule; in the Netherlands most of the UCC (not AEO) authorisations had to be applied for in CDMS as of the 1st of January 2021, although for some authorisations it only became mandatory later in 2021.

According to the CDMS data concerning the period between the 1st of January 2021 and the 1st of September 2022, only 37% of the UCC (not AEO) authorisation applications filed in the Netherlands led to an authorisation being issued, and 63% of those applications led to other, unfavourable, outcomes: 8% of the applications were not accepted, 50% were withdrawn (either before or after acceptance) and 5% were refused. It also transpired that many applicants requested an extension of the decision time-limit set out for application processing by the UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.). It was not clear why as many as 63% of the UCC (not AEO) authorisation applications did not lead to an authorisation being issued and why decision time-limit extensions were necessary after applications were accepted. It was also not clear what could be done to limit the number of applications with unfavourable outcomes and the number of applications needing a decision time-limit extension. That is why this research was focused on the way in which improvements to the UCC (not AEO) authorisation application process could be developed and evaluated, and the role of Dutch Customs therein. The research objectives included identifying the main reasons of the unfavourable application outcomes and extension requests, defining a possible solution and Dutch Customs' role therein, and identifying how the improvements could be measured.

Only the UCC authorisation applications lodged in CDMS, thus excluding AEO authorisation applications and any other authorisation applications, were in the scope of this research.

The chosen research methodology was a multiple case study, which included three cases being three Customs regions, selected based on their approach to new authorisation applications, each of them representing a group of regions applying a similar approach. The selection of the to be interviewed applicants in those regions was based solely on the applicants' application results, regardless of any other factors, such as the sort of business the applicant was in or how big the business was.

The problem owner is Dutch Customs, but the situation is also a problem for the applicants, as non-favourable application results and time-limit extensions cause delays and disrupt their processes.

Although businesses have no obligation, but a right to apply for customs authorisations, such an application means an unavoidable obligation for the business to comply with the relevant regulations, while customs authorities are also obliged to determine if the applicant can satisfy criteria of the authorisation in question. The regulations demand compliance, and an authorisation is granted only if that demand is satisfied, therefore regulatory pressure is created. There is an interaction between

business and government (customs) and both sides are responsible for the outcome of the authorisation application process. That is why this case study is a case of interaction between business and government, concerning regulatory pressure and customs compliance in a specific setting of the process of UCC (not AEO) authorisation applications in the Netherlands after the introduction of CDMS.

According to the findings, the main reasons for unfavourable UCC (not AEO) authorisation application outcomes and decision time-limit extension requests were lack of or insufficient knowledge on the part of applicants and applicants' unfamiliarity with the EU Trader Portal. The problems can be addressed by Customs making additional information available to prospective applicants before they apply, and by updating the portal manual based on applicants' feedback. Customs could also improve the process by ensuring sufficient communication with applicants and making sure that Customs officers dealing with applications, especially during audits, have enough knowledge and experience to do it, and, if applicable, are familiar with specific circumstances concerning certain trades.

The improvements to the UCC authorisation application process can be developed and evaluated based on the information about the process obtained from CDMS, from applicants and from Customs.

Identifying the main reasons of unsuccessful applications and decision time-limits extension requests can help to identify and develop possible solutions, and in turn, to define the role which Dutch Customs could have in implementing those solutions.

The ways of measuring process improvements identified during this study are based on the opinions of the stakeholders, and the relevant UCC application decision time-limits. Should the relevant legal provisions and/or the stakeholders' views on the subject change, then new measurements can be developed by the same method, i.e., collecting and analysing the relevant information.

The recommendations of the research include Customs:

- helping prospective applicants prepare their application(s) by making additional information available online before they apply as well as explaining the process and the applicant's responsibility for preparing the application,
- helping applicants to familiarise themselves with the EU Trader Portal by updating the manual, based on the feedback received from applicants,
- ensuring that the Customs officers dealing with applications, and especially those performing audits, have enough knowledge, experience, and awareness and understanding of specific circumstances of certain trades, to conduct the audit well and not to obstruct the process,
- improving communication with and receiving feedback from applicants in order to ensure continuous improvement of the process,
- measuring process improvement by measuring its effectiveness (percentage of successful applications) and efficiency (turnaround time) using CDMS data and comparing the measurements with previous results.

The findings of this study support many of the findings of previous research described in the related literature concerning regulatory pressure (Huang et al., 2016a; Veenstra et al., 2013; Vergeer, 2017), and specific elements concerning the government and business interaction such as customs compliance (Grainger, 2014) and the Descriptive Stakeholder Theory (Jawahar & McLaughlin, 2001).

Based on the research limitations, the recommendations for future research include research into UCC, not AEO, authorisation application processes in other EU Member States, research concerning customs authorisation application processes other than UCC authorisation application processes in the Netherlands, and authorisation application processes in the Netherlands regarding applications other than customs authorisation applications.

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List of Abbreviations

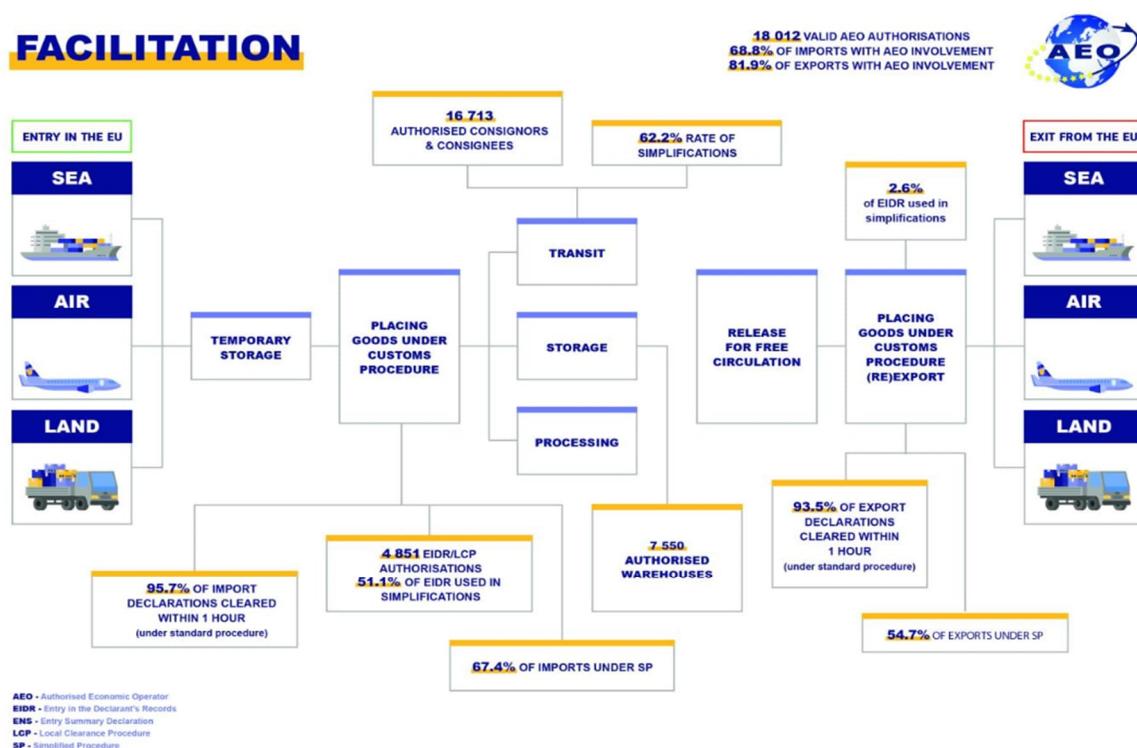
Abbreviation	Meaning
AEO	Authorised Economic Operator
CDMS	Customs Decision Management System
EU	European Union
G2B & B2G	Government to Business & Business to Government
R&D	Research & Development
UCC	Union Customs Code
UCC DA	Union Customs Code Delegated Act
UCC IA	Union Customs Code Implemented Act

1 Introduction

According to the information published on the website of the European Commission Taxation and Customs Union (*Customs Are Business Friendly*, n.d.), as shown in the figure concerning customs facilitation in the EU in 2021 depicted below (Figure 1.1), in 2021, 67,4% of imports were done under a simplification procedure, entry in the declarant's records was used in connection to simplifications in 51,5% of cases in which goods entering the EU were placed under a customs procedure, there were 7.550 authorised warehouses in the EU, and the simplification rate with regard to transit was 62,2%.

These are just a few numbers concerning EU customs facilitation depicted in Figure 1.1 which shows how widely used and how important various customs simplifications are:

Figure 1.1 EU Customs Facilitation 2021



Source: DG Taxation and Customs Union

(Source: *Customs Are Business Friendly*, n.d.)

To be able to use procedures such as entry in the declarant's records, customs warehousing, simplified transit procedures, or inward or outward processing shown in Figure 1.1, various UCC authorisations are necessary. In order to obtain such authorisations, a prospective authorisation holder needs to apply for them in one of the EU Member States. Those UCC authorisations are authorisations other than AEO authorisations.

UCC (not AEO) authorisations are applied for in the EU Trader Portal, and processed in a central EU wide system, CDMS. The applicants use the EU Trader Portal to lodge, amend and follow their UCC (not AEO) authorisation applications in CDMS. CDMS is also used by Customs and authorisation holders to manage already existing UCC (not AEO) authorisations. To access their existing applications in CDMS, authorisation holders also use the EU Trader Portal (EU-portalen, n.d.). The portal and the system were initially used only for UCC (not AEO) authorisation applications concerning more than one Member State but was meant for all UCC (not AEO) authorisation applications and authorisations. The Member States followed

and some still follow their own schedules for transferring the existing UCC (not AEO) authorisations into CDMS and then using CDMS and the EU Trader Portal (EU-portalen, n.d.) for UCC (not AEO) authorisation applications concerning just one Member State. In the Netherlands most of those applications had to be filed via the EU Trader Portal (EU-portalen, n.d.) and processed in CDMS as of January the 1st 2021; following the consultation with the representatives of business, for some of the applications it became mandatory not on January the 1st 2021, but later in 2021.

As a result, the UCC (not AEO) application data is available in CDMS and can be used to analyse the application process. UCC AEO authorisation applications are processed in a different system and lodged in a different portal, the EU Customs Trader Portal (EU Customs Trader Portal, n.d.; EU-portalen, n.d.).

It transpired that from January the 1st 2021 till September the 1st 2022, only 37% of the UCC (not AEO) authorisation applications lodged in CDMS in the Netherlands led to an authorisation being issued. 63% of those applications led to other, unfavourable, outcomes: 8% of the applications were not accepted, 50% of the applications were withdrawn, either before or after acceptance, and 5% of the applications were refused (Figure 2.2). It also became clear that many applicants requested an extension of the decision time-limit set out for application processing by the UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.).

Although the problem owner is Dutch Customs, the situation is also a problem for the applicants, as non-favourable application results (non-acceptance, refusals, and withdrawals) and need for time-limit extensions cause delays and disrupt their processes, possibly leading to financial losses (high cost, loosing existing and potential clients etc.).

Businesses have no obligation, but a right to apply for customs authorisations, but such an application means an unavoidable obligation for the business to comply with the relevant regulations, while customs authorities are also obliged to determine if the applicant can satisfy criteria of the authorisation in question. The regulations demand compliance, and an authorisation is granted only if that demand is satisfied, thus, regulatory pressure is created. There is an interaction between business and government (customs) and both sides are responsible for the outcome of the authorisation application process.

In the Netherlands the government is aware of the fact that too much of regulatory pressure can create problems for business (Zaken, 2010a). The government is trying to reduce that pressure (Zaken, 2010a). As far as customs regulations are concerned the projects so far have involved, among other things, improving of digital communication between customs authorities and business, minimising disruption to logistical processes caused by customs authorities' inspections/interventions, and efficient and effective cooperation of different government agencies (Voortgangsrapportagebetere Regelgeving En Dienstverlening Voor Ondernemers 2020.Pdf, n.d.). The authorisation application process is not explicitly mentioned in the departmental action programme designed to improve regulation and governmental service as far as business is concerned (Voortgangsrapportagebetere Regelgeving En Dienstverlening Voor Ondernemers 2020.Pdf, n.d.). This does not mean businesses do not experience any regulatory pressure or problems as far as customs authorisation applications are concerned. The data supplied by the Dutch Customs Administration (Figure 2.2 and Figure 4.1) suggests that the opposite might be true for the UCC (non AEO) authorisation applications because of a relatively high percentage of applications not resulting in an authorisation being issued. The situation might, among other things, be a result of a combination of regulatory pressure and businesses' approach to compliance or their inability to comply with the relevant regulations.

The Dutch Customs and Tax Administration policy is to encourage businesses to comply with the rules of their own accord as much as possible (Services, n.d.). Although according to Dutch Customs, their 'serving businesses' among other things means 'proactively providing them with information so that they can meet their obligations and know their rights' (Services, n.d.), it is possible that from the business' point of view there is, at least sometimes, not enough information available to complete the authorisation application process successfully.

Before CDMS, UCC (not AEO) authorisation applications were lodged using hard copy forms filed with the competent Customs region because there was no central automated system where the applications could be lodged, and that is why the data concerning all the Customs regions in the Netherlands was not readily available. Although there were some estimates made with regard to working hours 'lost' and 'wasted' by Customs per region per month on applications which had not resulted in authorisations being granted, these were only estimates, which nevertheless indicated that many applications may have had unfavourable outcomes. CDMS made the relevant data available, which inevitably led to questions concerning the application process results.

It was not clear why as many as 63% of the authorisation applications did not lead to an authorisation being issued (Figure 2.2) or if and why decision time-limit extensions were necessary after applications were accepted. Since the reasons for application non-acceptance, refusal, withdrawal, and decision time-limit extensions were not clear, it was also not clear what could be done to limit the numbers of applications with unfavourable outcomes and the numbers of applications needing a decision time-limit extension.

While the EU Member States' customs authorities cannot change the existing EU law or choose to apply it or not to apply it, the way the law is implemented is determined by the individual Member States' customs authorities, which means that there might be room for improvement as far as the UCC (not AEO) authorisation application process in the Netherlands is concerned (available information, audit process etc.). That is why this research focuses on the way in which improvements to the UCC (not AEO) authorisation application process can be developed and evaluated, and the role of Dutch Customs therein. To answer the research question, firstly the main reasons for non-favourable application outcomes (non-acceptance, withdrawal, refusal) and the main reasons for decision time-limit extension requests are identified. Then, the ways to eliminate those reasons, to pre-empt or limit their impact on the authorisation application process and to improve it, are identified. After that, a possible role of Dutch Customs therein is assessed and the way in which the improvement of the process could be measured is defined.

Only the UCC authorisation applications lodged in CDMS, thus excluding AEO authorisation applications, are in the scope of this research. Applications concerning excise authorisations or consumption tax¹ authorisations are out of the scope of this research. The research concerns the applications lodged in the Netherlands; it does not concern applications lodged in other EU Member States.

The chosen research methodology is a multiple case study. Although as many as nine Customs regions in the Netherlands issue the authorisations in scope, because of time constraints and similarities between some of the regions, this case study includes three cases, where each case is a Customs region selected

¹ Consumption tax in the Netherlands is a tax paid in the Netherlands on alcoholic and non-alcoholic beverages such as: fruit juices, vegetable juices, mineral water, lemonade (including syrup, non-alcoholic liqueurs, iced teas, and whey drinks), non-alcoholic beer, low-alcohol beer (less than 0.5% alcohol) and drinks with a maximum of 1.2% alcohol (including cordial). (*Excise Duty and Consumption Tax*, 2023)

based on its approach to new authorisation applications, as described in section 3.1.1, where each of those regions/cases represents a group of regions which apply a similar approach.

As described in section 3.1.1 and section 3.1.2, the data has been collected mainly during semi-structured interviews with representatives of the selected Customs regions and with selected applicants who applied for authorisations in CDMS in those regions between January the 1st 2021 and the 1st of September 2022, and whose application process had been completed during that period. One interview has been conducted with each selected applicant. Two interviews have been conducted with representatives of each of the selected Customs regions, the first one, to gather information about the region's approach to and experiences with the process, before interviewing the applicants, and the second one after the interviews with the applicants had been conducted, to validate possible solutions. As described in section 3.1.3, where applicable, the data was also collected during direct observations, and where possible, archival documentation (received from Customs in Region 2) has been used as well, as described in section 3.1.4.

As described in section 3.1.2, the applicants invited to take part in this research were approached because their application process was completed, which means that their applications were either 'not accepted', 'withdrawn', 'refused' or 'granted'. However, if an applicant agreed to take part in the study and the applicant's other applications had been registered and/or accepted which meant that the application process had not yet been completed, that applicant was also invited to share the experiences concerning those applications as well if the applicant wished to do so. If there was a decision time-limit extension concerning one or more applications of an applicant taking part in the study, the applicant was asked questions with regard to the extension(s). Only extensions requested by applicants, including those with regard to exercising the right to be heard, were in scope of the research.

2 Problem Definition and Research Questions

2.1 Problem Definition

This section gives the problem description and presents its analysis, its scope, and its legal context.

2.1.1 Problem description and analysis

The problem owner is Dutch Customs. It appears that the process which deals with UCC (not AEO) authorisation applications is less effective and less efficient than expected.

By the end of 2020 Dutch Customs estimated that over the period of ten and a half months in 2020, 1.600 hours a month were spent and 'lost' on UCC authorisation applications (excluding AEO applications) which ultimately were not-accepted, withdrawn, refused, or were granted but after the decision time-limit extension had been requested by the applicant, in effect resulting in too much time spent on them. Those 1.600 hours were translated into 1,5 to 2 FTE (fulltime equivalent) per Customs region per month. The number of 'lost' hours was only an estimation, but it did indicate that the UCC (not AEO) authorisation application process was less efficient and less effective than it should be.

Although the number of hours 'lost' by the applicants because of their not accepted, withdrawn, and refused applications has not been estimated, a certain number of hours must have been spent and 'lost' by the applicants as well, as the applications had to be prepared and filed. Moreover, in case of at least some of the withdrawn applications and all of the refused applications, applicants would have spent and 'lost' even more time during the audit after their application has been accepted and before it was withdrawn or refused (Figure 2.1: Phase 2).

In 2020 UCC (not AEO) authorisation applications concerning one Member State in the Netherlands were still being lodged using hard copy forms filed with the competent Customs region; there was no central

automated system where the applications could be lodged. The situation has changed as of 1 January 2021, when using the central European system, CDMS, became mandatory while lodging and processing most of the UCC (not AEO) authorisation applications; for some of those applications using the CDMS became mandatory during 2021. The system is now used to lodge and process all the UCC (not AEO) authorisation applications in the Netherlands. As a result, the UCC (not AEO) application data is now available in that system and can be used to analyse the application process. The applicants use the EU Trader Portal to lodge, amend and follow their UCC (not AEO) authorisation applications in CDMS. The application process shown in Figure 2.1 consists of three phases (phase 0, phase 1 and phase 2), where all three phases have to involve and have to be completed by applicants, while the process from the Customs point of view consists of only two phases (phase 1 and phase 2):

- 1) In phase 0 applicants decide to apply for a certain authorisation or authorisations, prepare the application(s) and prepare themselves for the application process. For Customs, the process hasn't started yet because the application hasn't been filed.
- 2) Phase 1 starts with filing and a registration of an application in CDMS by the applicant and ends either with the application's withdrawal by the applicant, or the application's non acceptance or acceptance by Customs.

The application filing and registering is automated: the applicant files the application in the EU Trader Portal. To access the EU Trader Portal (*EU-portalen*, n.d.) applicants need to obtain an eHerkenning (eHerkenning, n.d.; *EHerkenning / What Is EHerkenning*, n.d.), a secure login which makes it possible to log in and access online services of various government agencies, municipalities and insurers. Each applicant also needs their own EORI number (*Economic Operators Registration and Identification Number (EORI)*, n.d.) which can be applied for and obtained from the customs authorities. Those two conditions form a certain entrance barrier and help to ensure that it's not possible to access the portal and start an application without a certain effort which usually would only be made if a prospective applicant really needs to apply for an authorisation.

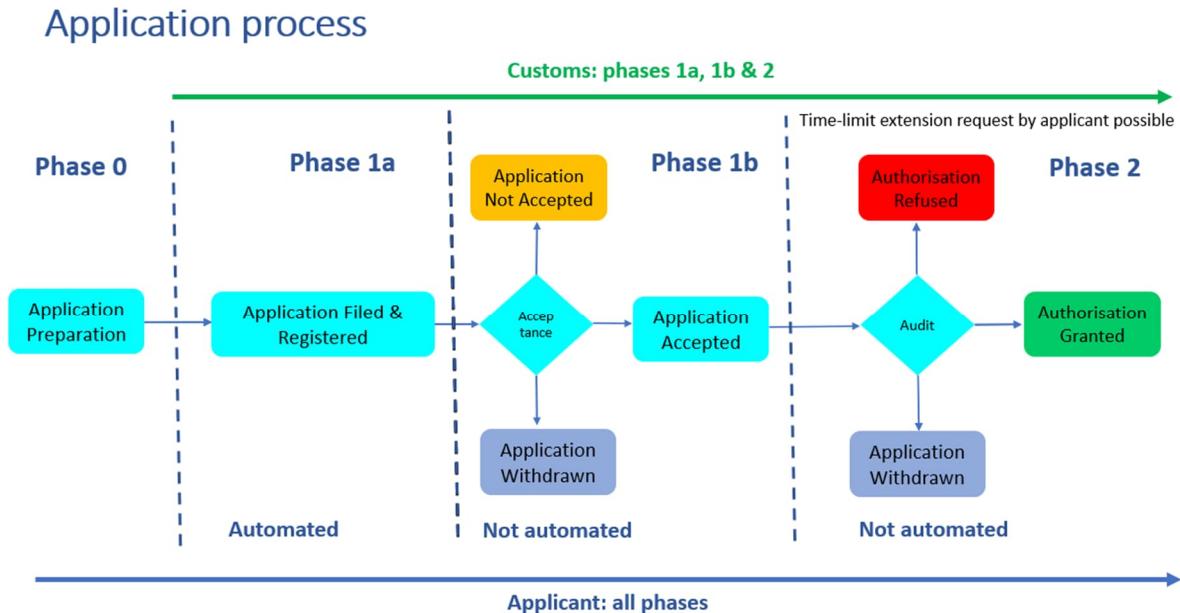
After the applicant successfully has logged into the portal and has chosen the required authorisation or multiple authorisations, the system determines which information must be supplied and which questions should be answered per authorisation. An application can only be filed and registered if it is completed, which means that all the relevant questions have to be answered, which is checked by the system, as are the sorts of characters required in specific fields (either alphanumeric, or letters or numbers only) and sometimes the number of characters. Only if all the questions are answered and completed using the correct sort and number of characters, the application is registered, without it no application will be seen as registered and so it will not be processed by Customs. This forms another barrier preventing a lot of inadequate applications from being registered and reaching the next stage of the process.

Only after an application is registered, Customs can start to process it to decide if it can be accepted or not. This part of the process is not automated: the information in the application has to be assessed by a human, as the system is not able to do it. Regions 1 and 3 pre-screen the applications as soon as possible after they have been registered, to eliminate those which could not be successful.

- 3) Phase 2 starts with the acceptance of an application by Customs and ends either with the application's withdrawal by the applicant, or with the authorisation being refused or granted by Customs. During that phase, the applicant can request a decision time-limit extension.

Figure 2.1 shows all the phases of the process:

Figure 2.1 Application Process



In phase 1 of the process an authorisation application is registered in CDMS and after that three different outcomes are possible: it could be accepted or not accepted by Customs, or it could be withdrawn by the applicant. If the application is withdrawn or not accepted the process ends.

If the application is accepted, the process enters phase 2, which again can have three different outcomes: the application can be withdrawn by the applicant, or the authorisation applied for can be refused or granted by Customs. In all three cases the process is then concluded. During phase 2 the applicant can request a decision time-limit extension.

Application progress statuses ‘not accepted’, ‘withdrawn’, ‘refused’ and ‘granted’ mean the end of the process. The application progress statuses ‘registered’ and ‘accepted’ mean that an application is still being processed. Status ‘registered’ will always be replaced by another status, namely ‘not accepted’, ‘withdrawn’, ‘refused’ when the process ends or ‘accepted’ when the process continues. Status ‘accepted’ will finally always be replaced by either ‘refused’ or ‘withdrawn’ when the application is not successful, or by ‘granted’ if the authorisation is granted.

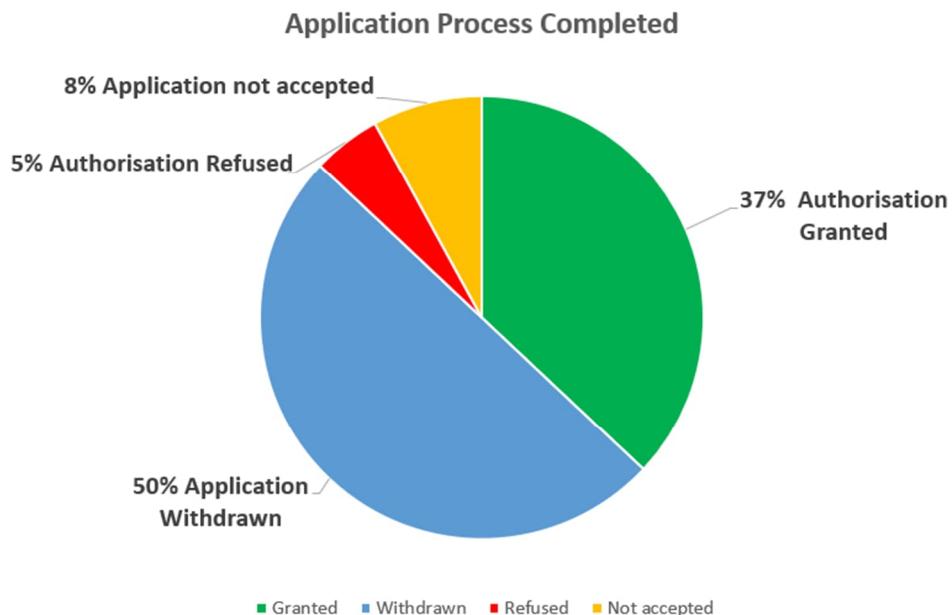
All the six status possibilities are included in the Customs CDMS data per application.

According to the file made available for the purpose of this research and containing the CDMS data on the UCC authorisation applications (excluding AEO applications) lodged in the Netherlands (all regions) in the period starting on January the 1st 2021 and ending on August the 31st 2022, there were 1.647 authorisation applications lodged in CDMS in that period, out of which 352 applications had status 'registered' or 'accepted' which means that those applications were still being processed, and 1.295 applications had status 'not accepted', 'withdrawn', 'refused' or 'granted', which means that for those application the process was concluded.

Figure 2.2 shows the percentages of different outcomes (statuses) of the 1.295 applications where the process was concluded: only 37% of those applications led to an authorisation being issued; 8% of the applications were not accepted, 50% of the applications were withdrawn (either before or after acceptance) and 5% of the applications were refused.

The file containing the CDMS data does not include information on decision time-limit extensions. That particular information can be found in CDMS per application if the application in question is consulted.

Figure 2.2 Application Process Completed: Results in the Netherlands, All Regions Combined



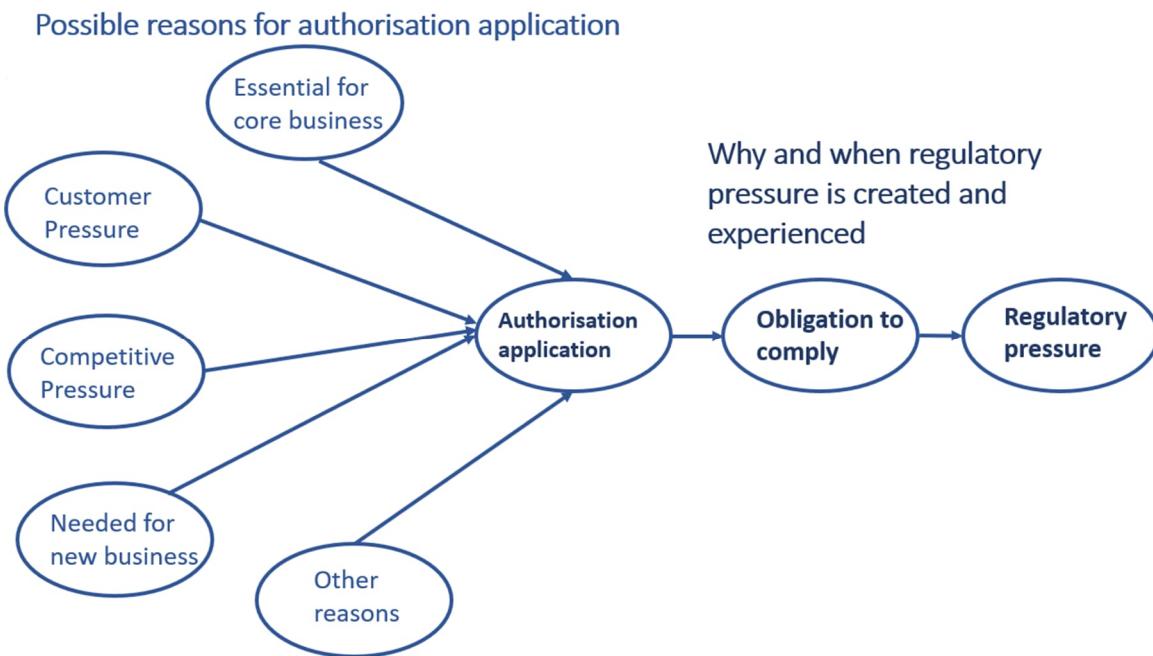
UCC (not AEO) authorisations offer various simplifications concerning, among other things, a deferment or a suspension of import duty payments, or simplifications concerning customs declarations, which are meant to help the authorisation holders by lessening their administrative burden or somewhat limiting the disruption in their logistics operations.

There are various reasons for authorisation applications (Figure 2.3): some businesses such as freight forwarders, logistic service providers, and storage facility operators cannot operate without certain customs authorisations because their core business demands it. For other businesses, the decision to apply for a customs authorisation is taken because of a new business opportunity, or because of competitive pressure and/or customer pressure they experience if they face losing their existing customers or not gaining new ones, which could lead to a smaller profit or even a loss. Such an example could be a company facilitating transport of imported goods, which has been asked by some of its existing clients to also store some of those goods in a customs warehouse, for which an authorisation is needed. In order not to lose potential additional profit and/or not to lose its existing customers, the company could apply for a customs warehouse authorisation and a comprehensive guaranty authorisation which also has to be in place if a business is to make use of a customs warehousing procedure. There could also be other reasons why applicants decide to apply for a customs authorisation.

While applying for an UCC authorisation is a right of every business which or every person who is of the opinion that they need it, the applicant who lodged an application has an (unavoidable) obligation to provide customs authorities with all the information necessary to determine if the authorisation criteria will be met, and that is why the applicant experiences regulatory pressure caused by the relevant rules and regulations imposed by the UCC and the way in which Customs ensure that the regulations' criteria are met (Figure 2.3). Only when Customs have assessed if those criteria are met, the decision on granting or refusing the authorisation can be made, as customs authorities also have an (unavoidable) obligation to make sure that the authorisation criteria will indeed be met.

Figure 2.3 shows possible reasons for applying for an authorisation, how the regulatory pressure is created and when applicants experience it. There is no regulatory pressure when the applicant decides on applying for an authorisation, regulatory pressure is created by the obligation to comply connected to the application being lodged.

Figure 2.3 Regulatory Pressure: how it is created and when it is experienced



It was not clear why as many as 63% of the authorisation applications did not lead to an authorisation being issued (Figure 2.2) or if and why decision time-limit extensions were necessary after applications were accepted.

If an application is not accepted, it means that the applicant did not provide the information required to accept it. If the application is accepted but the authorisation is later refused, it means that the applicant did not satisfy the authorisation criteria. In both cases the reason could be the applicant's insufficient preparation and/or lack of knowledge concerning the authorisation applied for, although there could be other reasons too.

If an applicant decides to withdraw an application before or after its acceptance, or requests a decision time-limit extension, it could be caused by the same reasons.

If the lack of preparation was indeed one of the issues, the reasons why the applicants were not sufficiently prepared are important, as according to Customs, the applicants should know what is expected of them when they apply for authorisations they need.

Since the reasons for application non-acceptance, refusal, withdrawal, and decision time-limit extensions were not clear, it was not also clear what could be done to limit the numbers of concerned applications.

Although the problem owner is Dutch Customs, the situation described above is a problem for the applicants too because non-acceptance, refusals, withdrawals and need for time-limit extensions cause delays and disrupt their processes, possibly leading to financial losses (excessive cost, losing existing and potential clients etc.).

2.1.2 Scope

Applications concerning excise authorisations or consumption tax authorisations are out of the scope of this research. Only the UCC authorisation applications lodged in CDMS, thus excluding AEO authorisation applications, are in the scope of this research. The research concerns the applications lodged in the Netherlands; it does not concern applications lodged in other EU Member States.

The applicants invited to take part in the research were approached because of their applications being 'not accepted', 'withdrawn', 'refused' or 'granted' which meant that the application process concerning their application(s) was completed. However, if an applicant agreed to take part in the study and the applicant's other applications have been registered and/or accepted, the applicant was also invited to share the experiences concerning those applications if the applicant wished to do so. If there was a decision time-limit extension concerning one or more applications of an applicant taking part in the study, the applicant was asked questions with regard to the extension(s).

The decision time-limits within which Customs must decide about granting or refusing an authorisation after accepting the application, can be extended either when Customs need more time to reach the conclusion, or if the applicant needs more time in order to satisfy the authorisation criteria. The later type of extension (on request of the applicant) is in scope of this research. The former type of extension is not in scope of this research. Other possible sorts of extensions are an extension in connection with exercising of the right to be heard, an extension needed for a consultation with Customs Authorities of other Member States and an extension where there are grounds for suspicion of infringement of customs or tax legislation. Only the extension in connection with exercising of the right to be heard is in scope of this study if it applies to applications of the selected applicants, as it is granted in connection to an anticipated unfavourable outcome.

2.1.3 Legal analysis

2.1.3.1 *Application registration and (non)acceptance*

The rules concerning acceptance of authorisation applications are set out in the UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) and the UCC Implementing Act (Commission Implementing Regulation (EU) 2015 of 2.Pdf, n.d.), hereafter UCC IA. According to art. 22 (1) and (2) UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) and art. 12 (2) UCC IA (Commission Implementing Regulation (EU) 2015 of 2.Pdf, n.d.) an application is accepted if the applicant provides customs authorities with all the required information, and an application cannot be accepted if the applicant does not provide all the necessary information at the time when the application is filed and registered or at the latest within a period of 30 days after the registration. The applicant may also withdraw an application at any point before it is accepted or not accepted. Those possibilities are depicted in Figure 2.1 (Phase 1).

2.1.3.2 *Refusal, withdrawal, and decision time-limit extension after application acceptance*

After an authorisation application has been accepted (Figure 2.1, Phase 2), customs authorities have to determine if the authorisation which have been applied for, can be granted, i.e., if the applicant satisfies the authorisation criteria. For most UCC authorisations applied for in the Netherlands that conclusion can only be reached after an audit has been conducted. If customs authorities conclude that the applicant satisfies the authorisation criteria, the authorisation is granted. If it turns out that the applicant does not satisfy the authorisation criteria the authorisation is refused, although, if the applicant is of the opinion that the necessary improvements can be made so the criteria are met, the applicant can ask customs authorities to extend the decision time-limit, giving the applicant the time to make the necessary changes. If during the audit an applicant realises that the authorisation criteria are not satisfied and the necessary improvements cannot be made even if an extension is granted, the applicant can also decide to withdraw

the application before customs authorities make their decision known. An applicant can also withdraw the application for any other reason.

As far as decision time-limit extensions are concerned, the time-limits are set out in the UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) and in the UCC Delegated Act (Commission Delegated Regulation (EU) 2015 of 28 J.Pdf, n.d.), hereafter UCC DA. According to art. 22 (3) UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.), the decision time-limit is one hundred and twenty days, but according to art. 171 UCC DA (Commission Delegated Regulation (EU) 2015 of 28 J.Pdf, n.d.), for the applications concerning the procedures mentioned in art. 211 (1) (a) UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.), such as inward processing, outward processing, temporary admission and end-use, the decision time-limit is reduced to thirty days if an application concerns just one Member State, and for the customs warehousing procedure (except in case of such warehouses operated by customs authorities themselves) mentioned in art. 211 (1) (b) UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.), the decision time-limit is sixty days, also if only one Member State is concerned. The reduced time-limits do not concern applications for the authorisations mentioned in art. 211 (1) (a) and (b) UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) if those applications concern more than one Member State.

For applications demanding examining of economic conditions the decision time-limit can be extended to one year from the day on which the file was transferred to the Commission; that sort of extension is not in the scope of this research.

According to art. 22 (3) UCC(Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) and art. 13 (1) UCC DA (Commission Delegated Regulation (EU) 2015 of 28 J.Pdf, n.d.) the decision time-limit can be extended by thirty days by Custom authorities; that kind of extension is not in the scope of this research as such an extension is required by Customs and its reason(s) is/are already known to Customs.

According to art. 22 (3) UCC (Regulation (EU) No 952/2013 of the European Parlia.Pdf, n.d.) an applicant can apply for a decision time-limit extension, and there is no limit concerning the time period for which the extension can be granted. According to art. 13(2) UCC DA (Commission Delegated Regulation (EU) 2015 of 28 J.Pdf, n.d.) an extension can be granted in connection with exercising of the right to be heard; this kind of extension is in scope of this study, as it is granted in connection to an anticipated unfavourable outcome.

According to art. 13 (3) through (4) UCC DA (Commission Delegated Regulation (EU) 2015 of 28 J.Pdf, n.d.) extensions can be granted if consultation with customs authorities of other Member States is required or if there are grounds for suspicion of infringement of customs or tax legislation. Those types of extensions are not in the scope of this research as the reasons for them are clearly defined.

2.2 Research question, research objectives, and research design

2.2.1 Research question and research objectives

This section introduces the research question and the research objectives.

2.2.1.1 Research Question

As described in section 2.1 and shown in Figure 2.2, in the period of twenty months starting on 1 January 2021 through to 31 August 2022 63% of UCC (not AEO) authorisation applications did not lead to authorisations being issued because those applications were either not accepted, withdrawn, or refused. There also were applications where a decision time-limit extension was requested by the applicant and/or granted because of a possible unfavourable application outcome (right to be heard). Considering the 63% of the applications which had not resulted in an authorisation being issued within the first twenty months of CDMS being used to process most of the UCC (not AEO) authorisation applications, it is clear that the

UCC (not AEO) authorisation application process should be improved, i.e., made more effective and possibly more efficient.

The main research question is:

"By what method can improvements to the UCC authorisation application process be developed and evaluated and what role therein could Dutch Customs have?"

2.2.1.2 Research Objectives

To answer the research question, first the main reasons for UCC authorisation applications (not AEO) being not accepted, refused, and withdrawn, needed to be identified. The same was true for the main reasons for the decision time-limit being extended on request of the applicant. Those reasons could lie either with applicants or with Customs, or both. When the reasons were known, a possible way or possible ways of eliminating them or limiting their impact on the application process, thus making the process more effective and possibly more efficient, could be identified. Then a possible contribution of customs authorities to the solution(s) could be determined, and the main characteristics of that contribution defined. Finally, a possible method or possible methods of measuring the improvement of the process could be identified.

The following research objectives were defined:

- 1) Identify the main reasons why the applications are not-accepted, refused, or withdrawn, and the main reasons for decision time-limit extensions requested by applicant.
- 2) Identify possible ways to eliminate those reasons in order to pre-empt or limit their impact on the authorisation application process to improve it (making it more effective and possibly more efficient).
- 3) Assess if and how Dutch Customs could contribute to a possible problem solution, identify, and define the main characteristics of the Dutch Customs' contribution.
- 4) Assess how the improvement of the process could be measured and formulate the relevant recommendations.

2.2.2 Research design

The chosen research methodology is a multiple case study. This methodology has been chosen to gain an understanding of opinions of the interested parties, Customs, and applicants, and to produce knowledge needed to answer the research question.

The case study methodology was also chosen because although a potential solution where a customs authorities contribution is possible and the way of measuring improvement in the process might be found, an experimental research design and testing of a proposed solution or proposed solutions were not attainable considering the circumstances and the time frame in which the research had to be conducted and completed.

The research approach, including the sample and data description, and the information about the validity and reliability of the chosen methodology are described in chapter 3.

3 Research Approach

The research design is described in section 2.2.2. This chapter describes the research approach, including the sample and data description and the information on the validity and reliability of the methodology. This case study is a case of interaction between business and government (B2G and G2B), where regulatory pressure on one hand, and compliance on the other hand, are of importance. The study is practice-oriented research and concerns regulatory pressure and customs compliance in a specific setting: regarding the process of UCC (not AEO) authorisation applications in the Netherlands after using CDMS,

the new automated system in which the applications are filed, became mandatory for most of the UCC (not AEO) authorisation applications in the Netherlands on January the 1st 2021.

Businesses have no obligation, but a right to apply for customs authorisations, but for the business concerned such an application means an obligation to comply with the relevant regulations, while customs authorities are then also obliged to determine if the applicant can indeed satisfy the authorisation criteria before the authorisation is granted. The regulations demand compliance, and an authorisation is granted if that demand is satisfied: this 'transaction' between customs authorities and business means certain costs (i.a. time, capacity, money) for both sides, and both sides are responsible for the outcome of the authorisation application process.

The level of analysis is a customs region, and the unit of analysis is a UCC authorisation application, other than an AEO authorisation application.

It is a multiple case study because within Dutch Customs there are several different approaches to new customs authorisations applications, which means that one case would not provide sufficient knowledge, while multiple cases make comparison of data possible and provide more convincing knowledge concerning the subject.

It is a retrospective and cross-sectional case study because it concerns a certain period of time in the past in which UCC (not AEO) authorisation applications in scope of this research had been filed; the CDMS data concerning the application process has been collected during that period of time, and the conducted interviews, researcher's observations and archival materials concern application process and applications filed during that period of time.

3.1 Sample and data description

The data has been collected during the interviews with Customs (representatives of the selected regions/cases) and with a number of applicants who had applied for authorisations in the selected regions/cases, from the observations regarding all four Region 3 applicants and from archival documents concerning the questionnaires used by Customs in Region 1 and Region 2 obtained from the representatives of Region 2.

3.1.1 Cases (regions)

Although at first theoretically nine cases were considered, each case being one of the nine Customs regions in the Netherlands which issue UCC authorisations being in the scope of this research (seven regular regions and two special regions where the work has been outsourced to the Tax Administration), because of time constraints and similarities between some of the regions, this case study includes three cases, thus three Customs regions. The selection of those regions has been made based on their approach to new authorisation applications: based on the information received from the Dutch Customs Head Office and the regions themselves, different ways in which new authorisations applications are approached have been identified (some of the regions' approach are similar) and three different approaches have been chosen, each possibly representing a group of regions applying a similar approach. One of the special Customs regions, Region 3, has been selected because its approach to authorisation applications differs from the one adopted by most of the regular regions. A regular region, Region 2, which also applies a strategy different to the one applied by most of other regular regions has been selected as well. Then one more region, Region 1, with the standard approach has been selected. All three regions have agreed to take part in the research. Each region designated their representatives which could be approached concerning the interviews. All of the approached region representatives agreed to two interviews.

Table 3.1 gives an overview of the interviews conducted with the representatives of the selected Customs regions:

Table 3.1 Overview interviews with Customs

Customs	Interview Date	Interview Time	Type	Language
R1 – interview 1	04-11-2022	09.00 a.m.	Webex	Dutch
R2 – interview 1	08-11-2022	13.30 p.m.	Webex	Dutch
R3 – interview 1	07-11-2022	11.00 a.m.	Webex	Dutch
R1 – interview 2	20-01-2023	10.00 a.m.	Webex	Dutch
R2 – interview 2	11-01-2023	09.30 a.m.	Webex	Dutch
R3 – interview 2	23-01-2023	10.00 a.m.	Webex	Dutch

The selection of the three regions has been made based solely on their approach to new authorisation applications, not on any other criteria.

The main differences between the selected regions, except for the differences in their approach to new authorisation applications, are:

- the number, the size, and the sort of businesses already in possession of and/or applying for new customs authorisations within the region (Region 1 and Region 2 are regular regions with many businesses/applicants of different size and sort, whereas Region 3 is a small region, serving a small number of multi-national businesses of considerable size, which are either production or trading companies, there are no logistic or other service providers or consultancy/advisory companies),
- the fact that, in contrast to Regions 1 and 2, all the businesses within Region 3 already have multiple customs authorisations (UCC, excise and/or consumption tax), and all except two have UCC authorisations,
- numbers of new authorisations applications per region,
- different outcomes of the completed authorisation application process, as shown in Figure 3.1.

The main differences between the regions are shown in Table 3.2:

Table 3.2 Overview of main differences between the selected Customs regions

Difference	Case 1/Region 1	Case 2/Region 2	Case 3/Region 3
Number of businesses	A lot of businesses, the number changes constantly (new companies and companies going out of business)	A lot of businesses, the number changes constantly (new companies and companies going out of business)	A very limited number of companies, the number never increases, but sometimes decreases if a company goes out of business
Sort of businesses	All sorts of businesses	All sorts of businesses	Only production and/or trade companies
Size of businesses	All sizes	All sizes	Only multi-national of considerable size
Businesses already in possession of customs authorisations	Some businesses applying for new authorisations already have customs authorisations, some do not	Some businesses applying for new authorisations already have customs authorisations, some do not	All businesses have multiple customs authorisations
Number of completed UCC (not AEO) authorisation applications in CDMS in the period from 1 January 2021 till 1 September 2022	386	164	45
Outcomes of the completed authorisation application process	All possible outcomes: authorisation granted, application refused, application not accepted, application withdrawn	All possible outcomes: authorisation granted, application refused, application not accepted, application withdrawn	Only two outcomes: authorisation granted, application withdrawn
Approach to new authorisation applications	The approach includes an additional questionnaire (other than questions asked during audit). The communication between the applicant and Customs before the application is lodged (phase 0) and in phase 1 of the process through the Douanetelefoon ² and the BCP ³ . Meetings between Customs and applicants before audit begins are an exception.	The approach includes an additional questionnaire (other than questions asked during audit) and a risk matrix. The communication between the applicant and Customs before the application is lodged (phase 0) and in phase 1 of the process through the Douanetelefoon and the BCP. Meetings between Customs and applicants before audit begins are no exception.	No additional questionnaires etc. Direct communication between the applicant and the applicant's account manager. If the applicant and/or Customs are of the opinion that a meeting before the application is lodged or during phase 1 is needed, the meeting is organised.

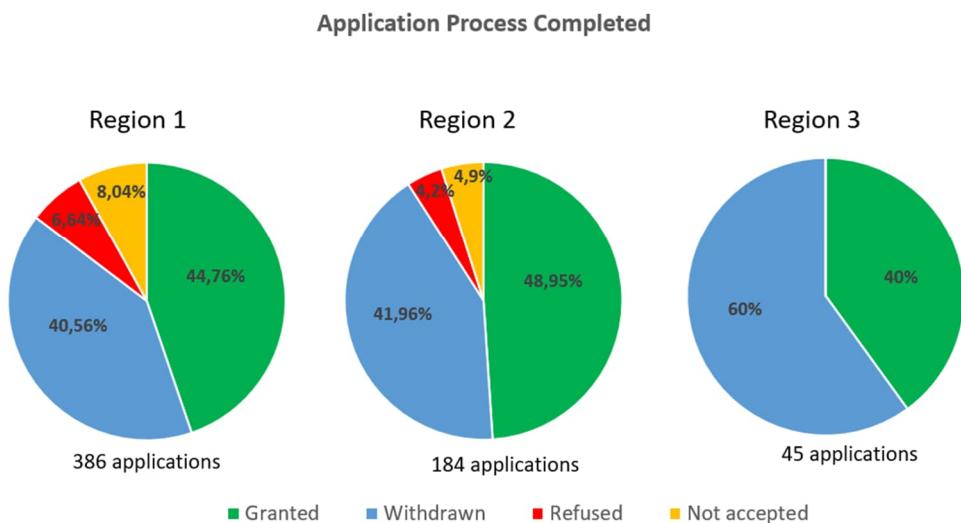
While Table 3.2 gives an overview of the main differences between the selected Customs regions, section 4.1 focuses on the findings of this study concerning the similarities and differences between the selected regions (cases), specifically with regard to the UCC (not AEO) authorisation application process.

² Douanetelefoon is the Dutch Customs Administration call-centre which answers general questions concerning customs related issues, UCC (not AEO) authorisations and UCC (not AEO) authorisation applications included. (*Douane-telefoonnummers voor bedrijven*, n.d.; Zaken, 2010b)

³ BCP: "Bedrijven Contact Punt", which is literally translated as "Companies Contact Point" and functions as a sort of customer service for the particular region and answers its clients specific questions concerning their customs related issues. (*Douane-telefoonnummers voor bedrijven*, n.d.)

Figure 3.1 shows different outcomes of the completed UCC (not AEO) authorisation application process per region/case:

Figure 3.1 Application Process Completed: Results per Selected Region



As shown in Figure 3.1, there are some differences in the percentages of different outcomes of the completed authorisation application process between Region 1 and Region 2. Region 3 stands out because there are no refused or not accepted applications there at all.

The numbers of completed UCC (not AEO) authorisation applications within the period of twenty months from 1 January 2021 till 1 September 2022 per Region are: Region 1 - 386, Region 2 – 184, Region 3 – 45. The differences between the regions will be considered while evaluating the research results and diagnosing the problem.

3.1.2 Selection of the applicants to be interviewed.

3.1.2.1 Basis of applicant selection

The selection of the applicants was based on the data collected by CDMS, the system in which the UCC authorisation applications (excluding AEO applications) are lodged. A file with the CDMS data has been made available by Dutch Customs for the purpose of this research. The file contains the information on the UCC authorisation applications (excluding AEO applications which are lodged in a different system and dealt with within another process) lodged in the Netherlands (all regions) in the period starting on January the 1st 2021 and ending on and including August the 31st 2022. Each individual application is identifiable there, it is possible to see which applications were not accepted, refused, withdrawn, and granted. All the applications with status 'registered' and 'accepted' are also included in the file. However, it is not possible to see which of the applications that were granted, refused, or withdrawn needed an extended decision time-limit, to do that consulting an individual application is needed.

For each of the three selected cases/regions a number of applicants have been selected, then, if possible (some of the selected applicants could not be reached), approached and asked to participate in this research, based on the results of their applications with focus on the unfavourable results (refused, not accepted, withdrawn). If possible, applicants with more than one application and different application results were selected in order to gather as much information as possible about different outcomes per

interview, and to be able to understand the applicant's experience concerning different process outcomes.

As the findings of the study have been anonymised, each of the applicants who agreed to participate in the research has been given a unique code beginning with their region code (R1, R2 or R3) and followed by a letter:

- the Region 1 applicants were: R1A, R1B, R1C, R1D, R1E and R1F,
- the Region 2 applicants were: R2K, R2L, R2M, R2N and R1B concerning the not accepted applications,
- the Region 3 applicants were: R3U, R3W, R3X and R3Y.

Region 1 applicant R1B had two not accepted applications in Region 2, that is why as far as those applications are concerned, the results and gathered information are considered within Region 2. The way in which the applicants to be interviewed were selected in each region, is described below.

3.1.2.2 Selection of applicants in Region 1

There were thirteen applicants whose applications had been refused. Five of them also had multiple other applications with different results, but neither of them wanted to participate in the research. The other eight applicants only had applications which had been refused, out of those eight two were contacted and agreed to take part in the research.

There were nineteen applicants whose applications had not been accepted, out of those nineteen applicants, three with multiple applications with different results were approached: two declined and one agreed to take part in the research. The applicant who agreed to take part also had two applications withdrawn, and one granted.

Next, four applicants with multiple withdrawn and granted applications were contacted: two of them declined, and two of them agreed to take part in the research.

Another applicant with two applications that were granted, and no other application results was selected as well, as it turned out that that applicant was the one with not accepted application amongst the Region 2 applicants.

Two of the participating applicants asked for a decision time-limit extension.

Six Region 1 applicants with in total twenty-six applications participated in the research (Table 3.3):

Table 3.3 Region 1: Number of application results per applicant/interviewee:

Applicant \ Result	Refused	Not accepted	Withdrawn	Granted	Accepted	Extension
R1A (AEO)		1	2	1		
R1B (no AEO)				2		
R1C (no AEO)			3	2		
R1D (no AEO)	1					
R1E (no AEO)	1					x
R1F (no AEO)			10		3	x

3.1.2.3 Selection of applicants in Region 2

There were four applicants whose applications had been refused. One of those four applicants also had filed other applications which were withdrawn or granted. It would have been an ideal candidate for the research, but the applicant couldn't be contacted as the company had gone bankrupt.

There was an attempt to contact the other three applicants whose applications had been refused: two of the applicants could not be contacted using neither the contact details provided by Customs or those found online. One of the applicants was contacted successfully and agreed to take part in the research.

As for the not accepted applications, there were six applicants whose applications were not accepted. Four of them had also had other applications withdrawn or granted, and an attempt had been made to contact them, but one could not be reached and the other three declined taking part in the research. Out of the two other applicants who had their applications not accepted and no other applications filed, one declined, and one agreed to take part in the research.

An attempt has been made to contact seven of the applicants who had decided to withdraw some of their applications and had had some other of their applications granted. One of them could not be contacted, three others were contacted and declined to take part in the research, another three were contacted and agreed to take part. The three applicants who agreed to take part in the research had some of their applications granted and some of their applications withdrawn; two of them also had applications which were accepted and were then still being processed by Customs (Figure 2.1, phase 2, audit).

Three of the participating applicants asked for a decision time-limit extension.

Five Region 2 applicants with in total twenty-two applications participated in the research (Table 3.4):

Table 3.4 Region 2: Number of application results per applicant/interviewee:

Applicant \ Result	Refused	Not accepted	Withdrawn	Granted	Accepted	Extension
R2K (AEO)	1					
R2L (no AEO)			1	1	2	x
R2M (AEO)			1	2		x
R2N (no AEO)			6	3	3	x
R1B (no AEO)		2				

3.1.2.4 Selection of applicants in Region 3

There were no refused or not accepted applications in Region 3, there were only granted and withdrawn applications there. Region 3 is the smallest Customs region in the Netherlands. There were five applicants who applied for UCC (not AEO) authorisations in Region 3. One of the applicants was not approached at all because of the circumstances: the applicant filed and then very quickly withdrew one application in January 2021. The application was withdrawn because it was decided that the authorisation applied for was not needed after all. The two employees who could share their experience concerning the application had retired some time before this research started and the employees who replaced them did not know enough about that application.

All of the other four applicants who applied for authorisations in Region 3 were contacted and agreed to participate in the research. As there were no refused or not accepted applications in Region 3, the only two application process outcomes in Region 3 were applications granted and applications withdrawn.

Two of the participating applicants asked for a decision time-limit extension.

Four Region 3 applicants with in total forty-five applications participated in the research (Table 3.5). Twenty-five out of those applications were withdrawn by applicant R3U because of mistakes due to the applicant's unfamiliarity with the portal.

Table 3.5 Region 3: Number of application results per applicant/interviewee:

Applicant	Result	Refused	Not accepted	Withdrawn	Granted	Accepted	Extension
R3U (AEO)				25	10		x
R3W (AEO)					1		
R3X (AEO)				1	4		x
R3Y (AEO)					3		

3.1.2.5 Overview of interviews with applicants

After the selected applicants in each of the regions taking part in the research had been approached and had agreed to be interviewed, one interview was conducted with each applicant using an appropriate interview guide, the questionnaire included in Annex 1A was used for applicants who were AEO, and the questionnaire included in Annex 1B for applicants who at the time of the interview were not (yet) AEO.

Table 3.6 gives an overview of the interviews conducted with the applicants:

Table 3.6 Overview interviews with applicants

Applicant	AEO Status	Interview Date	Interview Time	Type	Language
R1A	AEO	15-12-2022	10.00 a.m.	Zoom	Dutch
R1B	No AEO	16-12-2022	12.30 p.m.	Phone	English
R1C	No AEO	20-12-2022	03.00 p.m.	Zoom	Dutch
R1D	No AEO	21-12-2022	11.50 a.m.	Zoom	Dutch
R1E	No AEO	29-12-2022	11.30 a.m.	Zoom	Dutch
R1F	No AEO	02-01-2023	02.00 p.m.	Zoom	Dutch
R2K	AEO	06-12-2022	02.00 p.m.	Phone	Dutch
R2L	No AEO	16 & 19- 12-2022	03.30 p.m. & 03.00 p.m.	Zoom	Dutch
R2M	AEO	20-12-2022	10.00 a.m.	Zoom	Dutch
R2N	No AEO	21-12-2022	12.00 noon	Zoom	Dutch
R3U	AEO	23-11-2022	01.30 p.m.	Phone	English
R3W	AEO	07-12-2022	01.30 p.m.	Zoom	Dutch
R3X	AEO	25-11-2022	03.00 p.m.	Zoom	Dutch
R3Y	AEO	14 -02-2023	09.30 a.m.	Teams	Dutch

3.1.3 Observations Region 3

Because of the researcher's role within Region 3, the researcher had been able to observe directly how three of the applicants, R3U, R3W and R3X, interacted with Customs in phase 2 of the process (Figure 2.1), during the audit determining if they were able to fulfil the authorisations' criteria. In case of one applicant, R3Y, the researcher was able to observe an approach of the applicant to a few yet to be applied for authorisations. Considering the previous audit experience, the applicant in question wanted to prepare better and asked Customs to review the information which the applicant had prepared (AO/IC) in connection to the application before the application was filed.

3.1.4 Archival documentation

Region 2 granted the researcher access to the questionnaires shared with the applicants by Region 1 and Region 2 in phase 2 of the process (Figure 2.1), before the audit starts. Both regions mentioned the questionnaires during their first round of interviews, however Region 2 representatives were interviewed

first and gave the researcher access to both questionnaires. Region 2 had to use the Region 1 questionnaire for a certain period of time and that is why the region was able to share that information.

The questionnaires are informative, although have a limited value as far as this research is concerned: used in conjunction with the information gathered during the first round of interviews given by Region 1 and Region 2 (Table 3.1), they corroborate the information and show what kind of questions applicants in those regions are being asked to answer before the audit starts.

Region 2 also gave the researcher access to diagrams describing the authorisation application process in the region. Used in conjunction with the information gathered during the first interview given by Region 2 (Table 3.1), the diagrams corroborate the information.

3.2 Validity and reliability of methodology

3.2.1 Cases representing different authorisation application approaches

The three cases which are three different Customs regions described in section 3.1.1 were chosen to participate in this study because they represented different approaches to new authorisation applications used by regions within Dutch Customs.

3.2.2 Applicant interviewee selection based solely on application results

For each case (region) a number of applicants, companies which applied for an authorisation in the EU Trader Portal from 1 January 2021 through 31 August 2022, has been selected to be interviewed as described in section 3.1.2, based on the outcomes of their applications process, with focus on the unfavourable outcomes present in those regions, thus, if applicable, applications being refused, not accepted, or withdrawn, in order for the (main) reasons for those outcomes to be identified and understood. If possible, the applicants with multiple applications resulting in different outcomes, were selected, to be able to obtain data about different outcomes during each conducted interview. The interviewed applicants represented all the different application outcomes which were present in each of the regions (cases), including applications resulting in authorisations being granted.

Applicants which requested a decision time-limit extension for one or more of their applications or were granted an extension because of a possible unfavourable outcome were also present in each group of the selected applicants (each case/region), as a result, the reasons for the extension requests in the three regions could be identified and understood.

Because the applicants were chosen solely based on the result of their authorisation applications, the information gathered concerns all the different application outcomes present in the chosen regions, regardless of the selected applicants being part of a specific group of applicants defined by a sort or a size of the business, complexity of their processes, sort of authorisations applied for, those authorisation being necessary for the core business of the applicant or for other reasons, applicants having or not having any experience with customs regulations and/or customs authorisations, applicants being or not being an AEO, considering or not considering AEO applications, or any other criteria.

3.2.3 Data source triangulation

The use of different data collection methods made the data source triangulation possible.

The data has been collected mainly during semi-structured interviews with representatives of the selected Customs regions (Table 3.1) as described in section 3.1.1, and with selected applicants who applied for authorisations in CDMS in those regions (Table 3.6), as described in section 3.1.2. Where applicable, the data was also collected during direct observations (audits conducted regarding applications of three applicants in Region 3 and interaction concerning yet to be applied for authorisations of another applicant

in Region 3, as described in section 3.1.3). Archival documentation received from Customs in Region 2 and described in section 3.1.4, has been used as well.

3.2.4 Interviews

Interviews have been conducted with representatives of the selected Customs regions and the selected applicants.

One interview has been conducted with each selected applicant; the overview of those interviews is shown in table 3.6.

Two interviews have been conducted with representatives of each of the selected Customs regions/cases. The first interview had been conducted before the interviews with the applicants took place to learn more about the regions' approach to authorisations applications and their experiences. The second interview was conducted after the interviews with the applicants had been conducted, to validate possible solutions and a possible contribution of Dutch Customs to those solutions. The overview of those interviews is given in Table 3.1.

3.2.4.1 *Information triangulation*

During the interviews multiple interviewees have been asked the same questions per interview round to make information triangulation possible as well.

There were three sets of questions (interview guides) prepared. Those interview guides are included in the appendices.

There was one set of questions prepared for the applicants' interviewees, with a small difference concerning AEO applicants⁴ (Appendix 1A) and not-AEO applicants⁵ (Appendix 1B), that is why the applicant interview guide has two versions. There was another interview guide for the Customs interviewees' first interview round (Appendix 2), and one more interview guide for the Customs interviewees' second interview round (Appendix 3).

3.2.4.2 *Interview guide design*

The semi-structured interviews were chosen because they ensured that certain important topics, such as for example reasons for applications being refused, not accepted, or withdrawn, would be covered, but on the other hand there was room for follow-up questions and for the interviewees to share their experiences with the process and ideas on how to improve it.

As it was not clear why the percentage of unfavourable process outcomes (non-acceptance, refusal, or withdrawal) in the selected regions/cases was 60% or higher (Figure 3.1), and as there was no other information or data available, the interview questions were developed to obtain the answers while finding out what Customs and applicants, as the parties participating in the process, thought about the process, about its outcomes, and possible improvements that could be made. The questions were also designed to gather knowledge concerning the topics mentioned in the literature review in chapter 5, such as 'regulatory pressure', 'interaction with government' and 'compliance'. The terms 'regulatory pressure', 'compliance' and 'interaction with government' were on purpose not used in the questions which the interviewed applicants were asked to avoid any unnecessary confusion regarding the terms and their definitions; the applicants were asked about their experiences during the process instead.

⁴ 'AEO applicant' as referred to in this report is an applicant who already is an Authorised Economic Operator (AEO) and applied for one or more of not AEO, UCC authorisation(s).

⁵ 'Not-AEO' applicant as referred to in this report is an applicant who is NOT an Authorised Economic Operator (AEO) and applied for one or more of not AEO, UCC authorisation(s).

The interview guides used during interviews with the applicants (Appendix 1A and Appendix 1B) and during the first interview with representatives of the Customs regions (Appendix 2) included questions about the reasons of different outcomes, possible ways in which those outcomes could have been avoided, about experiences of the interviewees with different stages of the application process, about suggestions for improvements (made by Customs and by applicants for Customs as well as applicants), willingness of applicants to make adjustments to obtain an authorisation, a possible experience with AEO and/or excise and consumption tax authorisations, about importance of being an AEO for the applications in the EU Trader Portal and about a way in which the efficiency and effectiveness of the process could be measured. The interview guide used during the second round of interviews with representatives of the Customs regions (Appendix 3) included questions regarding possible solutions and the interviewees' opinion concerning them.

3.2.4.3 Interview coding

Some of the data gathered during the interviews has been analysed based on deductive coding which was helped by the structure of the interview guides. The data gathered in answer to predefined sets of questions containing certain themes, such as for example 'reason application refused' (Appendices 1A, 1B and 2, question 2), 'reason application not accepted' (Appendices 1A, 1B and 2, question 3), 'reason application withdrawn' (Appendices 1A, 1B and 2, question 4) or 'reason extension' (Appendices 1A, 1B and 2, question 6), was easy to find: for example, the theme was 'reason application withdrawn', where one of the reasons was 'insufficient preparation'. Another theme was 'how could withdrawal have been avoided' where a way to avoid it was 'better preparation'. A comparable theme was created for all the other process outcomes and an extension request as well. Another theme example is 'experience with the audit', where the experience was 'positive'.

The data which could not be linked to predefined questions was analysed based on inductive coding. For example, the following concepts 'lack of understanding of specific trade circumstances', 'lack of knowledge', 'too many audit questions', 'unnecessarily detailed and in-depth audit questions' referring to Customs, were linked to the theme 'experienced regulatory pressure'.

4 Research Results and Research Analysis

This chapter presents the research findings with regard to the different approaches of the Customs regions participating in the research, the main reasons for applications being not accepted, refused, and withdrawn, as well as the main reasons for decision time-limit extension requests, and possible solutions aiming at eliminating those reasons or at least limiting their impact. This chapter also describes findings with regard to stakeholders' views on efficiency and effectiveness of the UCC (not AEO) authorisation application process and other findings concerning that process.

Based on the findings described in this chapter, the answers to the research questions, the research conclusions and the research recommendations are formulated in chapter 6. Chapter 7 focuses on whether the findings described in this chapter support the findings of other studies presented in chapter 5 on literature review concerning the topics such as regulatory pressure, customs compliance, G2B and B2G interaction and measuring efficiency and effectiveness of processes in a governmental organisation.

4.1 Similarities and differences in approach between the regions

As described in section 3.1.1., there are differences between the Customs regions selected to participate in this study. Although the participating regions have been selected because of the differences in the way they approach new authorisation applications, there are other differences between them as well; the overview of the most important differences is given in Table 3.2.

All the regions have to adhere to the Dutch Customs policy concerning the UCC (not AEO) authorisation application process and go through all of the process's mandatory stages (Figure 2.1), but within the remits of that policy, they can organise their work in the way they consider the most suitable in their situation. This section describes the similarities and the differences concerning the application process between the regions participating in this study.

4.1.1 Similarities: policy and mandatory stages of the process

For all three regions the process of authorisation application (applications filed in the EU Trader Portal, for Customs, CDMS) begins in the same way: by the application being filed. While filing the application, the applicant chooses the competent Customs region and that is how the application is being assigned to be processed by the selected region. Then the decision has to be made about accepting or not accepting the application. There can be different reasons for not accepting an application, one of them is choosing an incorrect Customs region. If the application is accepted, the audit starts. During the audit all the auditors (of all regions) have to follow a set audit plan which exists for all the different UCC authorisations that can be applied for in the EU Trader Portal.

The audit questions depend on the authorisation which is applied for. There are no different question lists for big or small organisations or organisations with a lot or little customs experience, however, the questionnaires are 'intelligent questionnaires' which means that depending on certain answers (yes, no, not applicable) different follow up questions will appear.

To be able to finish the audit successfully (regardless of the application being granted or refused) the auditors have to answer all the audit questions and the answers need to be motivated.

All the steps described above have to be followed by all the regions, but the regions can organise their work in different ways and the main differences concern what happens during the time between the acceptance of the application and the beginning of the audit (questionnaires) and the way the applicants communicate with Customs within their region.

The Region 1 approach represents the approach similar to the ones preferred by most of the regions. Region 1 has been chosen to represent this particular approach within this research. The approaches that Region 2 and Region 3 have developed, differ from the Region 1 approach.

4.1.2 Differences in communication between Customs and applicants

The difference between Region 1 and Region 2 seems to be the communication between the Customs and the applicants until the moment when the audit starts. The way the applicants can communicate with Customs is theoretically the same for both regions: it starts with the BCP "Bedrijven Contact Punt" which is literally translated as "Companies Contact Point" and functions as a sort of customer service for the particular region and, if needed, the regions' specialists are approached by the BCP and then involved in the process. However, it seems that Region 2 applicants have easier access to those specialists than Region 1 applicants. Region 3 is different from the other two regions because it does not have a BCP at all: every company in that region can still directly contact their account manager.

4.1.3 Meetings and questionnaires shared with applicants before audit begins

Both Region 1 and Region 2 make use of additional questionnaires, whereas Region 3 does not use any additional questionnaires.

Region 1 and Region 2 work with questionnaires which are shared with their applicants at the beginning of phase 2 (Figure 4.1), after the applications are accepted and before the audit begins. Both regions had devised their own questionnaires. The applicants have to answer the questions before the audit begins and then they have to answer the audit questions as well (in as far as the answers have not been given

through the questionnaire). The questionnaires devised by the regions are different from the audit question lists; although some of the questions cover the same subjects, the questionnaires do not cover everything, and the questions are of a more general nature than the audit questions.

Region 1 does not as a rule hold meetings with all the applicants before the audit starts. The applicants are contacted by phone and/or email and the questionnaire is sent by email as well.

Until March 2021 Region 2 used to share their questionnaire and a risk assessment matrix with their applicants during meetings in the course of which the questionnaire and the risk assessment matrix were explained and important questions could be asked; those meetings had been held before the audit started. In the period from March 2021 until the autumn 2022 Region 2 had been made to work in a different way: there were supposed to be no meetings with applicants prior to the beginning of the audit and the only allowed questionnaire was the one devised by Region 1. The situation is different now: Region 2 can revert to their previous way of working and use the questionnaire they choose, either the one devised by them or the one devised by Region 1. They can also use their risk assessment matrix and possibly hold meetings with applicants before the audit begins.

Region 3 does not work with any self-devised questionnaires. After the application is accepted, the audit begins as soon as possible. The applicants share their AO/IC and any other documents that are relevant to their application with the auditor, the auditor tries to answer the audit questions using the information shared by the applicant, and only then asks the applicant questions which could not be answered using the information the applicant had already shared. That way, the only questions which the applicant is being asked, are the ones which the auditor has to answer based on the mandatory audit programme.

4.2 Findings application results and extension requests

During the interviews, a number of questions about the different application process results were asked. The interviewees representing the three Customs regions and the interviewees speaking for the applicants were asked questions about the reasons of application results other than an authorisation being granted: application refusal, application non-acceptance and application withdrawal. The interviewees representing the three Customs regions were asked to name the main reasons why applications were being refused, not accepted, or withdrawn. The applicants were asked for the specific reasons their applications were refused, not accepted, or withdrawn. All the interviewees were asked about reasons for decision time-limit extensions as well: the Customs interviewees about the main reasons in general, and the applicants about their own specific reasons.

All the interviewees were also asked how those unfavourable results and/or extension requests could have possibly been avoided and what according to them, and based on their experience with the application process, Customs could do to make the process easier for the applicants and what the applicants could do to make the process go more smoothly. They were also asked how the process could be improved with regard to authorisation applications which were granted (regarding applicants: if that particular outcome was applicable in their case).

Moreover, all the interviewees were asked about their experience with the different stages of the process and what could be done to limit or eliminate the negative experiences they had.

4.2.1 Authorisation refusal

As no authorisations were refused at all in Region 3, the questions concerning the subject were not applicable for the interviewees in Region 3, and that is why the findings/responses of the interviewees described below (in this section) pertain to Region 1 and Region 2.

Applicants:

When asked what the specific reasons for their application's refusal were, the interviewees representing the applicants from Region 1 and Region 2 whose applications were refused, named the following:

- the authorisation applied for was, according to Customs, not the correct one for what the applicant wanted to do, while the applicant, due to lack of the relevant knowledge and incorrect interpretation of the information and the questions in the portal, and information on the Customs website, was convinced it was the authorisation they needed (R1C),
- 'most probably' not having answered all the questions in the questionnaire received before the audit started or not having answered those questions correctly due to lack of or insufficient knowledge (R1E),
- not being able to provide the required guarantee because of circumstances beyond the applicant's control: the amount of guarantee the bank was willing to agree on was assessed on the bases of the applicant's financial results in the recent past and because of the poor business results during the Covid pandemic, the results were not sufficient for the amount the applicant needed (R2K).

Both Region 1 applicants (R1C, R1E) whose applications were refused said that they had no previous experience with the EU Trader Portal and had various problems with the questions in the portal while filing the application; for example: many of the questions were unclear, some of the terms were unclear, or it was not clear if the authorisation they applied for was the one they needed. Applicant R1C said that it was not clear what the consequences of their answers and choices were for the questions which had yet to be answered. Applicant R1E also said that the questions in the questionnaire he had received before the start of the audit were unclear, often difficult, and sometimes impossible to answer. Both applicants stated that the Customs could improve the situation by asking clearer questions in the portal and the questionnaire, and by making more information available to the applicants before applications are filed. Both also said that applicants should prepare better, while applicant R1E added that to prepare they would have to know what to prepare, but it was not clear enough as the relevant information was not made available soon enough.

The refusal of the application of applicant R2K could not have been avoided, the applicant didn't know that the required guarantee couldn't be arranged and could not do anything about it, although, according to the applicant, being able to find more relevant information on the Customs website beforehand would have been helpful.

Customs:

When asked what according to them the main reasons for refusal of their applications were, the interviewees representing two of the three Customs regions (Region 1 and Region 2) taking part in the research named the following:

- additional information supplied by the applicant being insufficient or not supplied at all,
- additional information not supplied on time,
- insufficient guarantee.

According to the interviewees representing Customs Region 1 and Customs Region 2 the refusals could have been avoided if the applicants had been better prepared.

The most important reason for application refusal according to both, the applicants, and the Customs, was the lack of applicants' preparation.

4.2.2 Application non-acceptance

As all applications in Region 3 were accepted, the questions concerning non-acceptance of applications were not applicable for the interviewees in Region 3, and that is why the findings/responses of the interviewees described below (in this section) pertain to Region 1 and Region 2.

Applicants:

When asked what the specific reasons for their applications' non-acceptance were, the interviewees who applied for the authorisations in Region 1 and Region 2 and whose applications were not accepted, named the following:

- the application not being formulated or worded adequately and the guarantee calculation being inadequate due to lack of knowledge on the part of the applicant (R1A),
- not choosing the correct Customs region while filing the application in the EU Trader Portal (R1B). Applicant R1B should have filed their applications in Region 1, but made a mistake and chose Region 2, which is why the applications were not accepted and the Region 1 applicant R1B is also the Region 2 applicant as far as the non-accepted applications are concerned.

As for the way in which the non-acceptance could have been avoided, according to applicant R1A they should have filed an adequately prepared application and an adequate guarantee calculation, and in order to do that they should have read the information in the portal with more care. It would have also helped if they could have got the questions about their specific situation and the authorisation applied for answered adequately when they contacted Customs (the Douanetelefoon and the BCP). So, it's a question of a better preparation and the lack of information available to applicants.

According to applicant R1B, they should have prepared better and found the correct region instead of trusting the consultant they asked for help with the application. This applicant also mentioned a need for a better portal user manual. Thus, according to the answers given by the applicants whose applications have not been accepted, better preparation and more information given to applicants by Customs are crucial.

Customs:

When asked what according to them the main reasons for non-acceptance of the applications were, the interviewees representing two of the three Customs regions (Region 1 and Region 2) taking part in the research named the following:

- de application being insufficiently prepared,
- the wrong authorisation applied for
- de application being incomplete,
- the application not filed with the competent Customs region.

According to Customs interviewees, the most important reason for applications not being accepted is lack of better preparation on the part of the applicants.

4.2.3 Application withdrawal

Applicants:

When asked about the specific reasons for their applications' withdrawal, the interviewees who applied for the authorisations in the three regions and whose applications were withdrawn, named the following:

- a wrong authorisation applied for due to lack of or insufficient knowledge (R1A),
- an inadequate application (R1A, R1F),
- problems with amending an application due to being unfamiliar with the portal: the withdrawal of the application and filing it again seemed the only option (R1D),

- an incorrect guarantee application due to lack of or insufficient knowledge, specifically concerning comprehensive guarantee with a reduced amount (R2L),
- unacceptable cost of hiring two different consultants: the applicant did not possess the required knowledge and decided to hire a consultant, later it turned out that services of another consultant would be needed as well in order to let the economic conditions be tested (R2M),
- a portal malfunction which made a request for a decision time-limit extension impossible: the application was withdrawn and then applied for again (R2N),
- being unable to make required internal adjustments in order to lower the guarantee amount (R3U),
- a wrong authorisation applied for due to being unfamiliar with the portal, and specifically with the way the authorisation entry into declarant's record should be applied for (R3U, R3X).

As for the way in which withdrawals could have been avoided, the applicants named the portal functioning correctly (R2N), being more familiar with the portal (R1D, R3U, R3W), and better preparation which could have helped to choose the correct authorisation instead of a wrong authorisation (R1A) or to file an adequate application (R1A, R1F, R2L). Two specific withdrawals could have been avoided if the cost of hiring a second consultant had not been unacceptably high in one case (R2M) and if some internal company issues had been dealt with in another (R3U).

Customs:

When asked what according to them the main reasons for application withdrawal were, the interviewees representing the three Customs regions (Region 1, Region 2, and Region 3) taking part in the research, named the following:

- too much work for the applicant,
- a wrong authorisation applied for,
- applicant did not fulfil the authorisation requirements,
- more time needed to provide additional information and/or to make necessary adjustments,
- the authorisation applied for was not needed,
- authorisations applied for concerned one Member State instead of authorisations involving more than one Member State which were needed,
- system/automation problems.

According to the interviewees representing Customs Regions 1, 2 and 3 most of the withdrawals could have been avoided if the applicants had been better prepared.

Direct observation researcher:

The researcher observed that two of the Region 3 applicants, R3U and R3W, which withdrew some of their applications, did so because they were not sufficiently prepared and needed more time to answer some of the questions asked during audit and to provide additional information. This finding confirms the information obtained during the interviews.

4.2.4 Decision time-limit extensions

Applicants:

According to the applicants, in most cases more time, thus an extension, was needed in order to provide additional information and/or to make necessary adjustments, which had to do with insufficient preparation on the part of the applicant. Once there was more time needed to coordinate the applicant's internal processes (R3U), and once it was Customs that needed more time to complete the process after the audit was concluded (R3U).

Customs:

According to Customs, the applicants in question needed more time to provide additional information and/or to make necessary adjustments, which had to do with insufficient preparation on the part of the applicants.

Direct observation researcher:

The researcher observed that two of the Region 3 applicants, R3U and R3X, which asked for a decision time-limit extension did so because they needed more time to answer some of the questions asked during audit and to provide additional information which had been the result of insufficient preparation. Those findings confirm the information obtained during the interviews.

4.2.5 Overview of different sorts of reasons for application refusal, non-acceptance, withdrawal, and extension per applicant

It turned out that the majority of the reasons because of which applications were not accepted, refused, or withdrawn, or the application decision time-limits were extended, had to do with lack of knowledge or insufficient knowledge and preparation on the part of the applicants.

Unfamiliarity with the EU Trader Portal was the second most important reason for application withdrawal in general, considering all three regions together, but at the same time, it was the only reason for application withdrawal in Region 3, where it led to twenty-five application withdrawals of which one applicant, R3U, withdrew twenty-four.

Table 4.1 gives an overview of the sorts of reasons for application refusal, non-acceptance, withdrawal, and extension per applicant:

Table 4.1 Overview reasons for different results per interviewed applicant

		Reason Result	Lack of or insufficient preparation/knowledge	Unfamiliarity with the portal	Portal malfunction	Other
Result or extension needed	Applicant					
Refused	R1C (no AEO)		x			
	R1E (no AEO)		x			
	R2K (AEO)					x
Not accepted			x			
	R1A (AEO)					
	R1B (no AEO; for R2)		2x			
Withdrawn	R1A (AEO)		2x			
	R1D (no AEO)			x		
	R1E (no AEO)					
	R1F (no AEO)		3x			
	R2L (no AEO)		x			
	R2M (AEO)					x
	R2N (no AEO)				x	
	R3U (AEO)			24x		x
	R3W (AEO)			x		
Extension	R1E (no AEO)		x			
	R1F (no AEO)		x			
	R2L (no AEO)		x			
	R2M (AEO)		x			
	R2N (no AEO)		x			
	R3U (AEO)		x			x
	R3X (AEO)		x			

4.3 Findings concerning possible solutions regarding application results and extension requests.

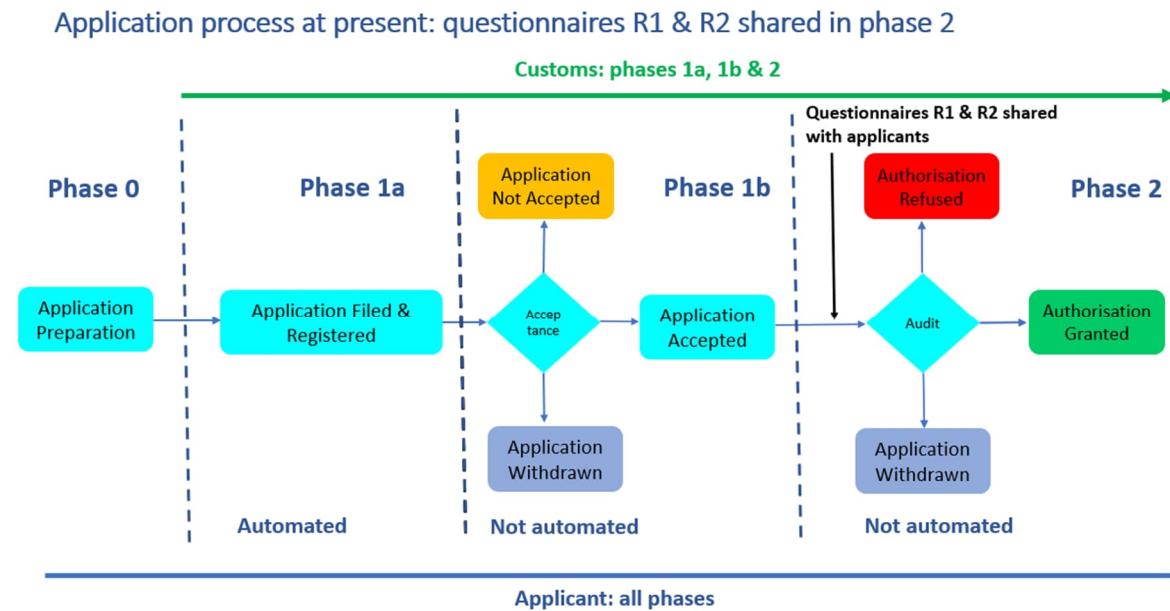
According to the findings described in section 4.2, the two most important reasons for applications being not accepted, withdrawn, or refused, and for the decision time-limit requests, are lack of knowledge or insufficient knowledge on the part of applicants, and applicants' unfamiliarity with the EU Trader Portal (section 4.2.5, Table 4.1). This section focuses on solutions addressing those problems.

4.3.1 Lack of knowledge or insufficient knowledge on the part of applicants

During the interviews, all the applicants and representatives of the Customs Regions were asked what the Customs and the applicants could do to improve the process (Appendices 1A, 1B and 2, questions 14 and 15).

All the interviewed applicants said that applicants should prepare better, and that Customs should make additional information available to prospective applicants before they apply in order for them to be able to prepare. At present there is no additional information available before the process starts. As described in section 4.1.3, Region 1 and Region 2 share their self-devised questionnaires with applicants in phase 2 of the process, before the audit starts (Figure 4.1).

Figure 4.1 Application process at present: no information shared in phase 0, R1 & R2 questionnaires shared in phase 2



According to all the interviewed applicants, better preparation is required to be able to answer audit questions in phase 2 of the process (Figure 4.1). In some cases, better preparation is also required to be able to determine which authorisation is needed and to answer the application questions in the EU Trader Portal without having to pause answering them to look for certain information online.

The additional information should therefore be made available online, on the Customs website, so everyone who considers applying for a certain UCC (not AEO) authorisation could access the information freely, before they apply, in order to be able to prepare their application and most of all the answers to most of the audit questions in advance. In addition to that, the Customs website should make it clear to prospective applicants that they ought to use the information presented there to prepare their application(s) thoroughly. The information should explain the different phases of the process, making it clear that the process does not end when the application is filed, that an audit will follow if the application is accepted, and that applicants themselves are responsible for the preparation. Then, there wouldn't be that many decisions time-limit extensions needed because the applicants wouldn't need more time to provide Customs with the answers. Moreover, if the applicants were better prepared and knew what to expect, there would be fewer refusals and fewer withdrawals.

Although different applicants were suggesting making the relevant information available online in different ways, all the interviewed applicants said that the information should concern the AO/IC and that it should make clear what particular information the applicant's AO/IC should include.

Some of the interviewees suggested checklists or AO/IC templates for all different sorts of authorisations.

Some of those who applied for their authorisations in Region 1 or Region 2 suggested that the questionnaires which at present are shared with applicants by Customs in Region 1 and Region 2 before the audit starts (Figure 4.1), should be made available earlier. Some of the applicants in all three regions suggested that at least some or even most of the audit questions should be made available.

The applicants were also asked if they thought that self-assessment questionnaires resembling the AEO self-assessment questionnaire prepared for other, not AEO, UCC authorisations would be useful. All the AEO authorisation holders and the applicants who were not (yet) AEO but were familiar with the AEO self-assessment questionnaire said it would be a good idea.

Some of the applicants said that references to the relevant chapters and/or chapter sections of the Handboek Douane (Belastingdienst, n.d.) should be mentioned on the Customs website in the section where the information on various authorisations and authorisation applications was given.

As far as the representatives of the selected Customs regions are concerned, Region 2 mentioned preparing and using the self-assessment questionnaires already in their first interview.

During the second interview all the interviewees representing the Customs regions were specifically asked what they thought about the different options which had been named by the interviewed applicants and concerned Customs providing the applicants with additional information online before applications were filed.

They were also asked what they thought about self-assessment questionnaires for various UCC (not AEO) authorisations.

According to the interviewees representing Region 1, the best option would be making their already existing questionnaire available to prospective applicants.

According to the interviewees representing Region 2, the best option would be a combined approach involving making the following materials available to prospective applicants:

- audit questions which could be used as a self-assessment questionnaire,
- checklists for each authorisation,
- references to specific chapters and chapter sections of the Handboek Douane (Belastingdienst, n.d.) and other online Customs publications,
- AEO self-assessment questionnaire for authorisations which share some of their criteria with AEO authorisations.

The interviewee representing Region 3 was in favour of sharing the audit questions.

Asked if references to the relevant chapter and/or chapter sections of the Handboek Douane (Belastingdienst, n.d.) should be mentioned on the Customs website in the section where the information on all the authorisations and applications was given, the Region 2 interviewees agreed that it should be done and included it in their preferred solution. The Region 1 and Region 3 interviewees, however, were sceptical. The representatives of Region 1 said that giving references to specific chapters and chapter sections would be too much, because the applicants should be able to find the information on their own, and therefore, references to the relevant main parts of the Handboek Douane (Belastingdienst, n.d.) should be sufficient. The Region 3 representative said that giving references to specific chapters and chapter sections would not be a good idea because those references would have to be checked and updated every time when changes were made in the layout of the Handboek Douane (Belastingdienst, n.d.).

Applicants as well as the representatives of the Customs regions have different preferences, however, the choice of a possible solution depends on a number of different factors, such as:

- using materials which already exist, or having yet to create checklists, self-assessment questionnaires, or templates, while using already existing materials would be preferable, because no resources would have to be spent creating new ones,
- one version or multiple versions already in use, because if multiple versions exist, one version would have to be chosen to be published, which might prove difficult,
- possibilities of keeping the material up to date, while using as little resources as possible,

- material corresponding as much as possible with the questions asked during audit, so applicants could prepare in the most efficient and the most effective way and not having to answer two different sets of questions.

The best choice would ideally have all the desirable characteristics such as:

- the material would already exist,
- there would be no need to choose one version out of multiple versions already in use,
- keeping the material up to date should require as little effort as possible in addition to what is already being done at present,
- the material should correspond as much as possible with the questions which are asked during audit.

Table 4.2 shows the suggested options and presence or absence of the desirable characteristics.

References to Handboek Douane (Belastingdienst, n.d.) would not on their own be sufficient to prepare applicants for the application process, that is why this option is not included in table 4.2.

Table 4.2 Characteristics of different options concerning additional information material to be provided to applicants:

Characteristics Information to be provided	Materials already exist (desirable)	One version (desirable)	Multiple versions (not desirable)	Being kept up to date (desirable)	Same as questions asked during audit (desirable)
Self-assessments	-	-		-	-
Questionnaires	X		X	-	-
AO/IC templates	-	-		-	-
AO/IC checklists	-	-		-	-
Audit questions	X	X		X	X

The audit questions have all the desirable characteristics: they already exist (a set of questions for each authorisation), there is one set of questions per authorisation used by all the regions, the questions are kept up to date with regard to the law and policy changes, and they are the questions asked during the audit.

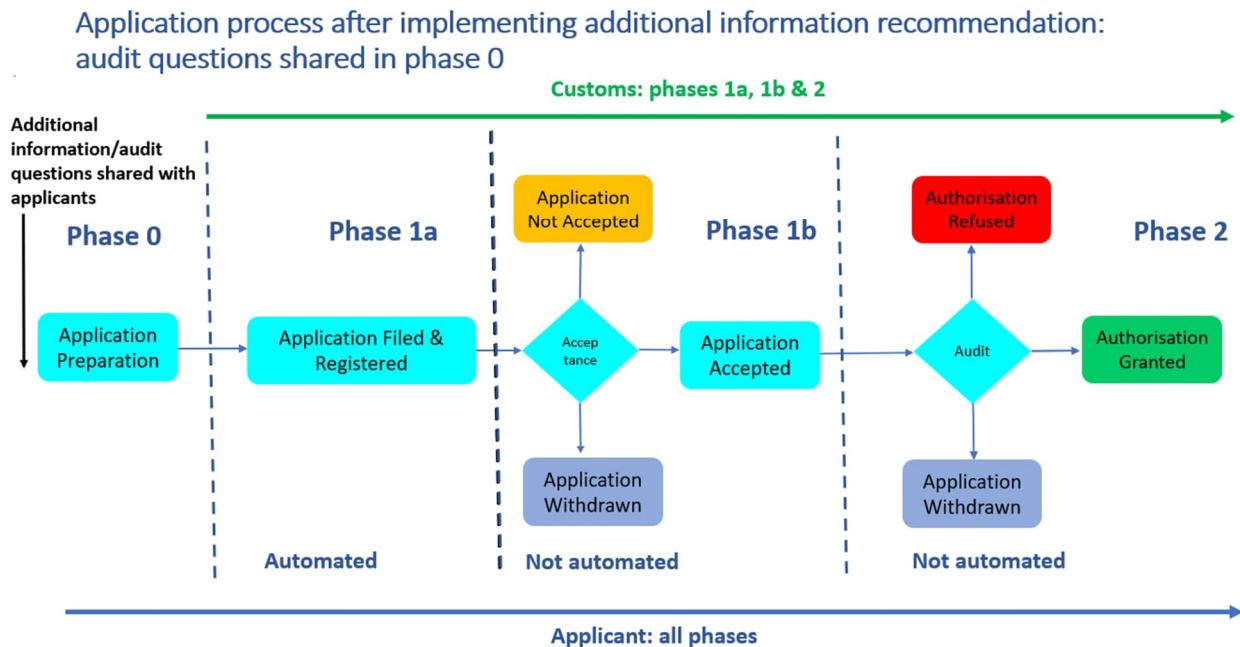
The next best option would be questionnaires but there is more than one version in use at the moment, so one of the versions would have to be chosen, and then, the questionnaire would have to be maintained and kept up to date. Moreover, it would mean that applicants would be confronted by two sets of questions: first the questionnaire available online to help them prepare, and then the audit questions. This would not be efficient if the two sets consist of different questions, and unnecessary because the Customs' assessment of the applicant fulfilling or not fulfilling the authorisation criteria is based solely on the basis of the audit.

Self-assessments, as well as the checklists and AO/IC templates do not exist yet, so none of the desirable characteristics apply to them.

Only audit questions have all the desirable characteristics, therefore the audit questions should be made available to applicants in phase 0 of the process (Figure 4.2), before they apply, so the applicants could prepare better for the application process.

Figure 4.2 shows at which point during the process the additional information should be shared with prospective applicants after implementation of the proposed solution:

Figure 4.2 Application process, additional information recommendation implemented: audit questions shared in phase 0



The references to relevant parts of the Handboek Douane (Belastingdienst, n.d.) could be mentioned on the Customs website, in the section where the information on different authorisation and applications is given; if the regular updates of those references can be ensured, then more specific references to chapters and/or chapter sections could be given as well.

The Region 2 Customs interviewees suggested a combination of audit questions, checklists for each authorisation, providing references to specific chapters and chapter sections of the Handboek Douane (Belastingdienst, n.d.) and other online Customs publications on the Customs website, and AEO self-assessment questionnaire for some of the authorisations.

This solution includes the best available option, the audit questions, and checklists which are one of the least suitable options. The relevant AEO questions are already included in the audit questions based on the information about the applicant being or not being AEO, and depending on the sort of authorisation applied for, so if the audit questions were published, there wouldn't be a need to ask the applicants applying for a UCC (not AEO) authorisation(s) to answer the AEO self-assessment questions as well. Three out of four elements in the solution suggested by Customs Region 2 representatives would be covered if audit questions were published and references to Handboek Douane (Belastingdienst, n.d.) made available on the website.

4.3.2 Applicant's unfamiliarity with the portal

Although The EU Trader Portal is an EU-wide system, the EU Member States are responsible for providing their applicants with portal manuals. Such a manual has been written by Dutch Customs, but according to many of the interviewed applicants, there is still a lot which could be improved upon as far as the manual is concerned. The opinions and suggestions of applicants concerning the portal are now being gathered in an unstructured way: when applicants/portal users approach Customs to ask certain questions and report problems, those questions and problems can be reported as subjects which could be described better in the manual, or issues to be presented to colleagues/counterparts responsible for the system on the EU level. A more structured way of gathering that sort of information might be preferable, especially with a view of updating the manual which is written and maintained by Dutch Customs.

The representatives of Customs Region 1 thought that there was no need to organise a more structured way for applicants and portal users to share their feedback on the portal, because applicants were certainly capable of voicing their opinion and making sure they would be heard in any case. The representatives of Customs Region 2 and Customs Region 3 thought that a more structured approach to collecting feedback on the portal would be a good idea. The representatives of all Customs regions agreed that the portal users' opinion should be considered while updating the EU Trader Portal manual.

4.4 Other findings concerning application process

4.4.1 Unfamiliarity with the portal and portal malfunction

As described in section 4.2.3. and section 4.2.5, applicants' unfamiliarity with the EU Trader Portal has already been identified as the second most important reason for application withdrawals in general, and the only reason for withdrawals in Region 3, but even if there was no withdrawal caused by that particular factor, unfamiliarity with the portal and portal malfunction were also identified by applicants as factors contributing to making the process burdensome, difficult, and complicated. Those remarks concerned filing of the applications as well as tracking the applications' progress in the EU Trader Portal and were made by applicants while answering different interview questions included in Appendix 1A and Appendix 1B, especially questions 1, 7, 8, 14, 16 and 19.

The representatives of Customs regions also thought that the portal could be made more user friendly. A possible solution to the problem of applicants being unfamiliar with the portal, i.e., asking applicants for feedback in a structured way with a view to update the portal manual, is presented in section 4.3.2. As portal malfunctions are already dealt with as soon as possible, no suggestions were made with regard to that particular problem.

4.4.2 Insufficient communication, insufficient knowledge, lack of understanding of specific trade circumstances on the part of Customs

Although not responsible for unfavourable application results, factors such as insufficient communication between applicants and Customs, and insufficient knowledge, and lack of understanding of specific trade circumstances on the part of Customs, were, by some of the applicants, blamed for unnecessarily prolonging the process and making it burdensome and needlessly complicated.

4.4.2.1 *Insufficient communication*

According to three out of six interviewees who applied for authorisations in Region 1 (R1A, R1C, R1F) communication between applicants and Customs could be improved, especially when prospective applicants try to contact Customs while considering an authorisation application, and then when the application is being filed, in the period between the filing and acceptance or non-acceptance of the application, and finally in the period between the acceptance of the application and the beginning of the audit. In Region 1, as in Region 2, communication with (prospective) applicants is handled by the BCP

(Table 3.2), applicants can also contact the Douanetefoon (Table 3.2). According to three Region 1 interviewees, neither the BCP, nor the Douanetefoon were able to help them with their enquiries. One Region 1 interviewee (R1C) suggested an online forum and an online Q&A hour to help applicants communicate with Customs.

None of the Region 2 interviewees complained about the communication problems, even though the communication with (prospective) applicants in their region is theoretically handled in the same way as in Region 3. The only explanation could be the different BCP those applicants came in contact with, as BCPs are still based in the regions (the one central BCP for the whole country is not yet operational).

Region 3 interviewees did not have any complaints concerning communication, but applicants in Region 3 are still able to contact their account managers directly, at any stage, before and during the application process.

As far as Customs interviewees were concerned, the representatives of Region 1 were of the opinion that the way in which the communication within their region is handled, is on the whole adequate, but that due to certain issues, there might be instances when it is not, mainly due to the BCP being understaffed, or the BCP not forwarding questions which, due to their specific nature, the BCP cannot answer, to their colleagues within the region. The Region 1 Customs interviewees felt that there shouldn't be any problems if those issues were addressed. However, they did admit that each client having their own account manager would be a better option for the applicants/clients. None of the Customs interviewees was in favour of an online Q&A hour, although the Region 3 representative thought that the online forum could be considered.

4.4.2.2 Insufficient knowledge and lack of understanding of specific trade circumstances

According to some of the Region 1 and Region 2 applicants there sometimes was insufficient knowledge concerning the rules and regulations, and lack of understanding of specific trade circumstances (such as for example, oil and gas trade) on the part of Customs officers processing the applications and those conducting audits. One of the Region 2 applicants who also filed applications for his clients in Region 1 and a few other regions, specifically complained about the difference between the 'old school' and the 'new school' Customs officers. According to that applicant (R2M) audits conducted by 'new school' Customs officers were often too burdensome and the asked questions were too detailed and too in-depth, which was unhelpful. Those remarks concerned his experience with a number of applications filed in Region 1 and Region 2 for his clients, and the audits connected to those applications conducted by those regions.

Customs interviewees representing all three regions agreed that Customs officers dealing with processing of applications, and especially the officers conducting audits, should have sufficient knowledge and, if applicable, be sufficiently aware of specific trade circumstances of an applicant, in order to conduct the audit well. With regard to the too detailed and too in-depth questions, Customs interviewees representing all three regions agreed that there should be some room for Customs auditors to exercise their judgment and discretion concerning the questions asked, depending on the applicant's circumstances, such as for example the size of the business or the extend of the customs related activities.

4.4.3 Applicants' willingness to comply with regulations and to making AO/IC adjustments to obtain authorisations

The researcher observed that there were different opinions among Customs officers dealing with UCC (not AEO) authorisation applications as to whether the age of a company applying for an authorisation and the applying company already being an AEO, were important factors determining the company's willingness to comply with rules and regulations and, if required, to alter their processes and their AO/IC in order to obtain an authorisation. As their unwillingness to do so could be a reason for an unfavourable application

outcome, all the interviewed applicants were asked if the age of their company mattered as far as their willingness to comply with the relevant rules and regulations and possibly making required adjustments to the AO/IC (processes, internal controls) in order to be able to fulfil the authorisation criteria (Appendix 1A and Appendix 1B, questions 9 and 10) were concerned.

The question was not applicable to interviewees whose companies did not need to make any major adjustments (R1B, R1C, R1D, R2K, R2N, R3U, R3W, R3X, R3Z). All the applicants to which the question did apply, stated that the age of their company did not matter as far as their willingness to comply with the relevant rules and to adjust their processes and their AO/IC in order to obtain the authorisation was concerned, because if they needed a certain authorisation, they would do whatever was necessary to get it. Some of the applicants specifically named their company's age, for example, 'more than thirty years old' (R1E), 'seven years old' (R1F) or 'fifty years old' (R2L).

For the same reason, i.e., the willingness to comply and adjust their processes and AO/IC to obtain the authorisation, all the interviewed applicants which were AEO (Table 3.6), were also asked if their experience with the AEO authorisation application process and the AEO authorisation(s) maintenance had helped them with (preparation for) the authorisation application process concerning an application filed in the EU Trader Portal and/or with preparation for the questions asked by Customs during the audit concerning their application (Appendix 1A, question 11). All but one applicant, R2M, the AEO applicants replied that their experience with applying for and maintaining the AEO authorisation(s) had been helpful while applying for other UCC authorisations.

The interviewees whose companies were not AEO (Table 3.6) were asked if their experience with the authorisation application process in the EU Trader Portal would influence their decision to apply or not to apply for AEO authorisations (Appendix 1B, question 11). All the applicants replied 'no' because they were either not considering AEO authorisations at all, or they would apply for them regardless of their experience with the other UCC authorisation applications if they really needed them or if their clients demanded it.

4.4.4 Feedback

All the interviewed applicants were asked if having an opportunity to give Customs their feedback every time after completing the authorisation application process would be a good idea (Appendix 1A and Appendix 1B, question 13b). All the applicants agreed that it would be good if applicants were offered an opportunity of giving Customs feedback on their experience with the process, although the opinions on the way in which it could or should be done differed. Some of the interviewees said they would prefer to give feedback during a conversation, others favoured a questionnaire. Some chose anonymous feedback, while others said they wouldn't mind giving their and/or their company's name. There were some concerns raised with regard to giving negative feedback to Customs officers with whom one would have to deal again in the future, as it could create a certain bias because negative feedback wouldn't be given as often as positive one, out of fear that it could be taken personally, and it could influence future contact of the respondent with Customs in a negative way. Furthermore, there were concerns that on one hand, that applicants whose applications had been successful wouldn't feel the need to share their opinion as the process would be over for them, and, on the other hand, applicants whose applications had not been successful would likely want to share feedback on their negative experience, which on the whole would create a certain bias as well, because then the feedback could be too negative, and thus not reflecting the reality.

Some of the interviewees remarked that one of the reasons they agreed to take part in this research was an opportunity to voice their opinion on and share their experience with the application process and the EU Trader Portal. Although some of the interviewees were able to give Customs some sort of feedback,

mostly during the audit in phase 2 of the process (Figure 2.1, Figure 4.1, and Figure 4.2), others felt they couldn't do it because of the reasons mentioned above.

As feedback is the best and probably the only way to find out how applicants experience the application process, and it can certainly shed light on reasons of unfavourable outcomes and the ways in which the process could be improved, applicants should have an opportunity to give their feedback in a way in which they feel is comfortable and 'safe', i.e., without concerns that it could influence their future interaction with Customs. Without feedback, there would only be limited knowledge concerning the reasons of unfavourable outcomes and challenges faced by applicants. The limited knowledge wouldn't be enough to correctly identify ways in which the application process can be improved.

The representatives of the three Customs regions were also asked what they thought about giving applicants a possibility of sharing their feedback with Customs (Appendix 2, question 13b). All Customs interviewees were in favour of offering applicants that possibility. Region 1 and Region 3 representatives were in favour of using a questionnaire, possibly offering a choice of anonymous feedback, hiring external survey services, and organising it at a central level. Representatives of Region 2 were in favour of a conversation which should be an integral part of the process, thus organised locally, within the region.

4.5 Findings concerning views on efficiency and effectiveness of the process

According to what the interviewee R1F said, "time is money". Except for two applicants, all the other interviewees named 'time', 'speed' and 'turnaround time' as the most important factors determining the efficiency of the process from their point of view. All three answers mean the time from the moment the application was filed to the end of the process, preferably when the application was granted. The other two applicants did not name any efficiency indicators.

One applicant suggested that Customs could measure the efficiency of the process by assessing how many times the decision time-limit was extended.

All the Customs interviewees also named 'time' as the most important efficiency indicator as well, especially the time 'lost' on applications with unfavourable results (not accepted, refused, withdrawn).

As far as effectiveness of the process is concerned, it is clear that an application is effective if it resulted in an authorisation being granted and not effective if the authorisation applied for was not granted.

Some applicants suggested methods in which Customs could measure the effectiveness of the process: for example, by assessing the percentage of authorisations granted out of all the applications processed within a certain period of time, or only the percentage of authorisations granted as a result of the first application, 'first application' being an application filed for the first time, not after another application for the same authorisation had not been accepted or had been withdrawn or refused. One of the applicants suggested that it might be a good idea to analyse which sorts of authorisation applications create the most problems and that the reasons for the refusal or withdrawal should be included in the analysis.

The researcher observed that although the implementation of the CDMS created an opportunity to analyse the application results and turnaround times, there was, to the best knowledge of the researcher, no attempt to do so on the part of Customs in the Netherlands. It is not known if the EU authorities analysed the results and turnaround times in the Netherlands or other member states, as so far, to the knowledge of the researcher, there hasn't been any communication concerning that kind of analysis between the EU authorities and the Dutch Customs. Although it hasn't happened yet, it is reasonable to assume that it will happen, and then the application results and the turnaround times will be looked at and possibly questioned. This, along with gaining insight into the UCC (not AEO) application process and taking into consideration the importance of 'time', 'speed' and 'turnaround time' for the applicants, should be reason enough for Dutch Customs to analyse the situation periodically and to try to improve the results and turnaround time of the process. Moreover, the UCC decision time-limits mentioned in

section 2.1.3.2 should be kept in mind while assessing the application process, because regardless of any other performance indicators which Customs could consider for that particular process, adhering or not adhering to the decision time-limits set out in the UCC (*Regulation (EU) No 952/2013 of the European Parliament and of the Council of 11 July 2013 on the simplification of the customs procedures for the movement of goods*, n.d.) is probably the easiest way of assessing that process, while the UCC time-limits are also very important to applicants. While Customs could assess the efficiency of the application process in other ways, not necessarily directly related to the turnaround time, but for example related to the number of working hours spent by its employees on dealing with each application, it will most probably not be relevant to applicants who are not concerned with Customs internal processes' efficiency assessments, unless it affects them directly.

To the knowledge of the researcher, there are at present no assessments carried out concerning authorisation application processes in general, or the UCC (not AEO) authorisation application process in particular, and there are no key performance indicators set up for those processes.

5 Review of Research Literature

This case study is a case of interaction between the government and business where regulatory pressure on one hand and compliance on the other hand, are of importance. Effectiveness and efficiency of the process in question are important too, as they influence that interaction. This chapter presents a review of related literature on regulatory pressure in general and specifically in the Netherlands, on certain aspects of interaction between government and business, such as customs compliance and the Descriptive Stakeholder Theory, and finally on measuring effectiveness and efficiency of processes of a governmental agency. The information on whether the findings of this study as presented in chapter 4, support the findings of the studies described in this chapter, is included in chapter 7, section 7.2.

5.1 Regulatory pressure

5.1.1 Definitions and different sorts of regulatory pressure

Despite the research done on regulatory pressure (or regulatory burden) and its reasons and effects, there is no widely accepted definition of regulatory pressure (Blesgraaf, 2019; Van Gestel & Hertogh, 2006). Van Gestel & Hertogh (2006) conducted an exploratory international literature study on what 'regulatory pressure' means. According to Van Gestel & Hertogh (2006) regulatory pressure is defined in different ways in different countries, for example as a collective term for sometimes unnecessary governmental interference, bureaucracy, or overly detailed legislation. In the EU countries it can also be described as unnecessary EU ('Brussels') interference. (Van Gestel & Hertogh, 2006)

Vergeer (2017) who conducted research into regulatory pressure in the Netherlands eleven years later also stated that there were different definitions of regulatory pressure (or 'regulatory burden'): Stoter & Huls (2006) identify quantitative regulatory pressure meaning the number of rules, actual pressure meaning the cost of complying with all the rules and regulations which is an objectified definition, and perceived regulatory pressure meaning the regulatory pressure as experienced and perceived by those who have to comply with the regulations. Vergeer (2017) also mentions similar definitions of regulatory pressure given by Van Heel et al. (2004) in a study commissioned by the Dutch Ministry of Education, Culture and Science, concerning regulatory pressure facing the institutions which fall under its responsibility. Van Heel et al. (2004) identifies potential, actual, and perceived regulatory pressure, where the definition of the potential regulatory pressure is similar to the definition of quantitative regulatory pressure given by Stoter & Huls (2006). The definitions of the actual and the perceived regulatory pressure given by Van Heel et al. (2004) and Stoter & Huls (2006) are very similar.

De Weerd & Van Bergen (2017) conducted research into regulatory pressure within the Dutch education system concerning primary, secondary, and vocational secondary education. According to De Weerd & Van Bergen (2017) regulatory pressure can be defined as external or internal, where the external regulatory pressure is related to external rules and regulation, coming mostly from the government agencies, and where the internal regulatory pressure comes from within an organisation.

Regulatory pressure can also be defined as mandatory, where businesses are legally required to comply with regulations (Aragón-Correa et al., 2020), or voluntary where businesses can decide to participate in a voluntary programme (Aragón-Correa et al., 2020).

5.1.2 Regulatory pressure and G2B and B2G interaction in The Netherlands

In the Netherlands the government has been trying to reduce regulatory pressures since the 1980s (Vergeer, 2017). Reducing regulatory pressure can be approached from a quantitative or qualitative perspective (Blesgraaf, 2019). At first the policy concerned mainly the quantitative regulatory pressure reduction, later the policy changed and became mainly about the qualitative reduction (Blesgraaf, 2019). The quantitative approach focuses on reducing the number of different rules and regulations, and reducing the administrative burden and costs caused by those rules and regulations, while the qualitative approach focuses on reducing the regulatory pressure experienced and perceived by those who have to comply with the rules in questions. (Blesgraaf, 2019)

Research into regulatory pressure in the Netherlands includes, amongst other topics, research concerning regulatory pressure in the education system (Blesgraaf, 2019; de Weerd & van Bergen, 2017; van Heel et al., 2004), in the logistics industry (Veenstra et al., 2013) and across different industries focusing on the way entrepreneurs experience and perceive regulatory pressure (Vergeer, 2017).

Vergeer (2017) conducted research on the way in which entrepreneurs in the Netherlands define, experience, and perceive regulatory pressure related to different sorts of regulation. The research concerned different sorts of businesses which were divided into groups depending on the sort of industry they belonged to, and different government agencies, such as amongst others, Tax Authority, Customs, Police, Local Councils, or Provincial Governments, and analysed regulatory pressure caused by different sorts of regulation per specific group of respondents, where each group represented a specific sort of industry, or a number of industries clustered together. There were twelve groups of respondents analysed, among them a group consisting of freight forwarders, logistic service providers, and storage facility operators for whom customs related issues would be especially relevant.

Out of the eleven sorts of regulations causing pressure and considered in the study, four, relating to financial administration, registration and statistics, environment, and building, renovation, and special planning rules, turned out to be the biggest hindrance and to have the biggest impact on most of the respondents, although not all the respondents representing different groups experience the same sort of pressure. The regulatory pressure related to rules concerning 'import and export' was indeed the third most important kind of regulatory pressure for the group of freight forwarders, logistic service providers, and storage facility operators, while it was relatively less important for other groups.⁶

The most important reasons for the respondents experiencing hindrance as a result of regulatory pressure are lack of cooperation between governmental agencies involved and respondents not being able to understand and apply the rules and regulations without asking for help from consultants etc.; in this category, authorisations, although not specifically customs authorisation, are mentioned. Civil servants'

⁶Vergeer (2017): Appendix 4.1, Figure 4.1.1

understanding respondents' circumstances was considered important too, here the ability of the officials to explain the legislation was specifically mentioned. Costing time and money were ranked respectively on the eighth place and the tenth place out of eleven.

Vergeer (2017) also asked the respondents to rate different government agencies as far as their 'level of service', meaning being unhelpful/obstructive or helpful, was concerned. Dutch Customs was one of the fourteen agencies that were rated, and it occupied the 7th place with the score 2.95 out of possible 5, where score 1 was described as 'most unhelpful/obstructive' and score 5 as 'most helpful'. The best score was 3.54 and the worst one 2.54.⁷ Although, in the cluster of 'export & inspection', comprising of Customs, Tax Authority, Police and the Provincial Government, Customs was seen as the most obstructive agency.⁸ The respondents gave their opinion based on their experience and assumptions. All of them had had contact with all the fourteen agencies, although not all of them within two years prior to taking part in the research. On the whole, agencies with which the respondents had no recent contact were rated as more helpful than the agencies with which they had contact within the two years prior to taking part in the research.

Vergeer (2017) concluded that academic research into regulatory pressure (regulatory burden) was still in its infancy. The research clarified the way in which entrepreneurs experienced regulatory pressure and how it differed from the way it was defined by government or academic research. According to Vergeer (2017) there are three factors which determine if entrepreneurs experience regulatory pressure: cost, workability, and perceived 'use' of the regulations. The cost comprises of direct as well as indirect costs, such as for example the cost of paperwork or hiring consultants, but also the cost of dealing with the lack of cooperation between or within governmental agencies and insufficient understanding and empathy on the part of the government agencies which can lead to disproportionate fines or sanctions. The workability as defined by the entrepreneurs interviewed by Vergeer (2017) means being able to understand the rules themselves (without help of consultants or external advisors), the interaction between the entrepreneurs and the government agencies and the cooperation between different authorities and within those authorities as well. For many interviewees, the distance between them and the government was the problem, as was lack of relevant practical knowledge on the part of the civil servants who would unnecessarily or wrongly refer them to consultants and external advisors. The respondents also thought that the risk assessment conducted by the government agencies was not always correct. Twenty-two out of twenty-four interviewees thought that the workability was the key as far as reducing the regulatory pressure was concerned. The 'perceived use' means gains as perceived by the interviewed entrepreneurs and it's defined by three components: the result of the regulation according to the entrepreneurs (not necessarily the same as what the government intended to achieve implementing it), the effectiveness of the regulation according to the entrepreneurs (their trust if the regulation can achieve the intended results), and the positive or negative effect of the regulation on the business (profit and development opportunities or hinderance). Vergeer (2017) concluded that contrary to what had been assumed, the perceived regulatory pressure as experienced by Dutch entrepreneurs, depended not only on cost of a regulation, but on the three factors, where cost and workability, indicative of the effort required on the part of the entrepreneurs, were compared with perceived 'use' of a regulation (gain or loss, opportunity, or hindrance).

While researching the challenges of regulatory pressure in the logistics industry in the Netherlands, Veenstra et al. (2013) also assessed the degree of irritation caused by regulatory pressure, and proposed

⁷ Vergeer (2017): Table 4.4

⁸ Vergeer (2017): Table 4.7

the ways in which it could be reduced, quantifying their impact where possible, which was not the case for all proposed solutions.

Veenstra et al. (2013) identified thirty regulatory pressure challenges in cross-border sea freight and air freight supply chains involving the Netherlands and proposed ways to address them. Most of the identified challenges and solutions did not directly concern customs authorisations, however, some of them could be relevant for the UCC (not AEO) authorisation application process. Although the UCC (*Regulation (EU) No 952/2013 of the European Parliament*, n.d.) was not yet in force in 2013, some of the challenges and solutions identified by Veenstra et al. (2013) concerned the UCC, and some of the other ones could also be relevant for the UCC authorisation application process. Moreover, Veenstra et al. (2013) also mentioned regulatory pressure connected to simplification regimes for which authorisations were needed. The potentially relevant solutions could, if not already implemented, include making sure that the involved Customs officers have enough knowledge to deal with the inspections (audits in case of an authorisation application process), digitalising certain documents, making more use of automation, and helping applicants in finding the information they need to prepare their organisation for the application process.

According to Veenstra et al. (2013) regulatory pressure in the logistics industry is caused by more than one sort of legislation and various governmental agencies, and businesses in question comply with the rules and regulations and don't consider those regulations a burden but a part of their daily operations. That is why regulatory pressure should continue to be researched, and stay high on the government agenda, as the changing environment will keep creating possibilities for savings and innovation.

5.1.3 Correlation between regulatory pressure and customer pressure

Huang et al. (2016) examines the correlation between regulatory and customer pressure and firms' organisational green environmental performance in the central region of China. The study examines the influence of regulatory and customer pressure on certain firm's responses, such as R&D, introduction of Environmental Management Systems, training, top management support and establishing of collaboration networks, which in turn influence the firm's environmental innovation performance. The hypotheses that regulatory pressure and customer pressure have positive influence on those responses are either partially or fully supported, except for the influence of regulatory pressure on establishing of collaboration networks. The hypotheses that green environmental responses mediate the relationship between regulatory pressure and green innovation performance, and that green environmental responses mediate the relationship between customer pressure and green innovation performance are supported. The study concludes that regulatory pressure as well as customer pressure are determinant factors in green innovation performance, but the mechanisms by which those pressures influence green innovation performance are unclear, and their roles in influencing specific organisational responses are different. For example, while customer pressure has significant positive impact on R&D investments and collaboration networks, the impact of regulatory pressure on those responses is not significant. On the other hand, customer pressure has a positive but not significant impact on 'training', whereas the impact of regulatory pressure on this particular organisational response is positive and significant. The study also highlights the importance of top managers in developing green innovations.

According to Huang et al. (2016) the results of the study can be generalised to other regions of China as well as other countries. (Huang et al., 2016b)

5.2 Interaction between government and business (G2B and B2G): Descriptive Stakeholder Theory

As far as the interaction between the government and business is concerned, according to Jawahar & McLaughlin (2001) and their Descriptive Stakeholder Theory, for an organisation in any given phase of its organisational life cycle certain stakeholders are more important than others because of their potential to satisfy that particular organisation's critical organisational needs. Jawahar & McLaughlin (2001) identify specific stakeholders which become more or less important as an organisation evolves from one stage of its development to the next. They propose that the strategy used by an organisation to deal with its stakeholders depends on the importance which a particular stakeholder has to that organisation relative to other stakeholders.

According to this theory a young organisation in its start-up stage will use a defensive strategy to do only what is necessary and as late as possible to satisfy the needs of a governmental organisation as its stakeholder, unless satisfying those needs is critical for the organisation in question, where 'critical' could for example mean obtaining a permit or an authorisation.

An organisation in the emerging growth stage will most likely adopt a proactive or at least accommodative approach to the governmental concerns. In the mature stage of development an organisation will deal with governmental organisations, just like with most of the other stakeholders, in a proactive manner, and during the decline or transition stage the defensive strategy will once again be adopted, unless of course the governmental organisation in question is needed by the said organisation to be able to survive.

It all depends on the industry, the organisation, and its needs, but customs related needs might be very important or even critical regardless of the stage of development the particular organisation is in.

5.3 Customs compliance and G2B/B2G interaction

As far as compliance is concerned, according to Granger (2014) one of the categories of compliance costs are set-up and authorisation costs. Authorisations are used to facilitate trade, and thus, also competitiveness. As stated by Grainger (2014), any customs policy directed at improving the nations' economic competitiveness, such as in the context of trade facilitation [...] is viewed by the business community. A 'modern performance management systems require a balanced view', and that is why Customs shouldn't be only inward looking, but also need 'to capture how the organisation is viewed from outside'.

According to Grainger (2014) trade and customs compliance costs "lie at the heart of how business see their relationships with Customs". Thus, not only internal performance measures should be important to Customs. If Customs wish to play an active and important role in "progressing economic competitiveness" they need to make sure they have skills and capabilities to capture the way how they are perceived from the outside.

5.4 Effectiveness and efficiency

To measure effectiveness and efficiency of the process Key Performance Indicators are needed. Nurcahyo et al. (2015) describes how to develop KPIs for a governmental agency: the organisation's vision and mission have to be evaluated first, then it has to be determined what the organisation's position is using Strength, Weakness, Opportunity, and Threat (SWOT) analysis; after that a strategic plan needs to be developed, in which the priorities are determined using the Analytical Hierarchy Process (AHP). However,

when indicators are defined, they only measure and help to clarify objectives but they don't explain how to achieve them (Cantens et al., 2012)

6 Conclusions and Recommendations

This chapter answers the research questions, and formulates conclusions and recommendations based on the research findings described in chapter 4.

6.1 Answers to research questions

The research objectives were to:

- 1) identify the main reason(s) why the applications were not-accepted, refused, or withdrawn, and the main reasons for decision time-limit extensions requested by applicant,
- 2) Identify possible ways to eliminate those reasons in order to pre-empt or limit their impact on the authorisation application process to improve it (making it more effective and possibly more efficient).
- 3) assess if and how Dutch Customs could contribute to a possible problem solution, identify, and define the main characteristics of the Dutch Customs' contribution,
- 4) assess how the improvement of the process could be measured and formulate the relevant recommendations.

The findings concerning the research objectives are:

- 1) The main reason the applications were not accepted, refused, or withdrawn, was lack of or insufficient preparation and/or knowledge on the part of the applicants. The same is true as far as the main reason for decision time-limit extensions requested by applicants was concerned. Unfamiliarity of applicants with the EU Trader Portal was also responsible for a lot of application withdrawals. The overview of those findings is given in section 4.2.5 and the details concerning different application outcomes per outcome, and decision time-limit extensions, are presented in sections 4.2.1 through 4.2.4. Other factors which influenced the process in a negative way were insufficient knowledge and insufficient understanding of the specific trade circumstances on the part of some of the Customs officers dealing with authorisation applications, especially during the audit in phase 2 of the process (Figure 4.2), and problems with communication between some of the applicants and their Customs region. Those findings are described in section 4.4.2 and section 4.4.1.
- 2) To eliminate or to limit the impact of lack of preparation and/or knowledge on the part of the applicants, which was the main reason for unfavourable application results and extension requests, applicants should be provided with information necessary to prepare their applications better and to be able to prepare themselves better for the application process. That information should be made available to prospective applicants before they file their applications in the EU Trader Portal, as described in section 4.3.1. Moreover, the different phases of the application process should be explained to prospective applicants, while making them aware of their responsibility for the application and process preparation. The second most important reason responsible for application withdrawals, which was unfamiliarity of applicants with the EU Trader Portal, could be eliminated or its impact limited, if applicants use the portal more often and if the quality of the portal manual is improved following applicants' feedback, as described in section 4.3.2.
- 3) Dutch Customs can contribute to a possible solution by making the additional information available to applicants, so they can prepare better for the application process before they apply.

As described in section 4.3.1, the best choice of the material to be made available to prospective applicants are the audit questions, which have to be answered by applicants in any case during the audit. The questions are already written, and there is only one specific set of questions per authorisation. All sets of questions are being already maintained and updated, and their use is mandatory in all the Customs regions.

With regard to the applicants' unfamiliarity with the EU Trader Portal, Dutch Customs can improve the portal manual, by first asking the applicants for their feedback on how the manual could be improved, as described in section 4.3.2.

In addition to solutions addressing the unfavourable process outcomes and decision time-limit extensions, based on the findings described in section 4.4.2, the process itself could be improved by Customs improving their communication with applicants, and by Customs improving knowledge concerning the rules and regulation and understanding of specific trade circumstances on the part of Customs officers involved in the application process, especially those performing audits.

- 4) Based on the findings described in section 4.5, the improvement of the authorisation application process could be measured by periodically assessing the effectiveness of the process (the percentage of different process outcomes during a set period of time) and comparing those results over different time periods.

According to the findings described in section 4.5, the speed of the process and the time needed to complete it, the 'turnaround' time (measured from the moment the application is filed and registered until the favourable or unfavourable outcome), are the most important factors identified by applicants, as well as Customs interviewees, by which efficiency of the process could be measured, where the shorter the turnaround time, the bigger the improvement. The turnaround time measurements could also be compared with decision time-limits set by the UCC, and with one another.

The main research question is:

"By what method can improvements to the UCC authorisation application process be developed and evaluated and what role therein could Dutch Customs have?"

The answer to the main research question is:

The improvements to the UCC authorisation application process can be developed and evaluated based on the information about the process obtained from CDMS, from applicants and from Customs themselves.

As it was done during this study and described in chapter 4, identifying the main reasons of unsuccessful applications and the main reasons of decision time-limits extension requests can help to identify and develop possible solutions, and in turn, to define the role which Dutch Customs could have in implementing those solutions.

The methods of measuring the subsequent process improvements identified during this study, as described in section 4.5, are based on the opinions of the stakeholders, and the relevant UCC decision time-limits, and if needed, can be used in the future as long as the UCC (*Regulation (EU) No 952/2013 of the European Parliament and of the Council on the Simplification of the Customs Union Code*, n.d.) legal provisions and/or the stakeholders' views do not change. Should the relevant legal provisions and/or the stakeholders' views on the subject change, then new measurements can be developed by the same method, i.e., collecting and analysing the relevant information.

6.2 Recommendations

6.2.1 Providing applicants with additional information

As described in section 4.3.1, only audit questions have all the desirable characteristics of a solution with regard to making additional information available to prospective applicants, therefore the audit questions should be made available to prospective applicants, so the applicants could prepare better for the application process.

The questions would have to be published on the Customs website and Customs would have to ensure that the published version is automatically updated when the audit questions in the software used to plan and conduct audits are updated. Some of the audit questions are followed by additional questions which are asked depending on previous answer choices (yes, no, or not applicable). It would have to be determined which questions should be published on the website: all the possible questions per authorisation, or if some of the follow up questions would be excluded. It may not be practical to publish all the questions as it could lead to the published information being too overwhelming or confusing.

In addition to publishing audit questions, Customs should make it clear to prospective applicants that they should use the questions to thoroughly prepare their application. The different phases of the application process should be explained, stressing that the process does not end when the application is filed, that an audit will follow if the application is accepted, and that applicants themselves are responsible for the application preparation, the level of which would influence the turnaround time and the outcome of the process.

Along with making additional information available to help applicants prepare, and improving the portal manual, Customs could provide short instruction videos showing how to best make use of the provided information, how to choose and decide on the application to be applied for, and how to use the EU Trader Portal.

6.2.2 Providing applicants with a better EU Trader Portal manual

As described in section 4.3.2, to provide applicants with better information regarding the EU Trader Portal, Dutch Customs could update the portal manual addressing the issues raised by applicants. In order to gather information on those issues, a more organised approach might be a better solution than relying on the issues being reported in a less organised and accidental manner as it is done at the moment.

6.2.3 Ensuring sufficient knowledge on the part of Customs officers

According to the findings described in section 4.4.2.2, Customs should also ensure that there is sufficient knowledge and experience on the part of the Customs officers dealing with authorisation applications, especially during audits in phase 2 of the process, so they would be able to conduct audits efficiently and effectively, and would be able to exercise their judgment and discretion concerning the audit questions being asked depending on the applicant's circumstances, such as for example the size of the business or the extend of the customs related activities.

Customs should also make sure that the Customs officers dealing with audits have, if required, understanding of the specific trade circumstances of the applicants, such as for example trade in oil and gas. Customs could consider forming expert audit teams having the expertise concerning specific trades which could perform authorisation application audits for applicants involved in those trades across all the regular Customs regions. The two special regions of which Region 3 involved in this research is one, already have that kind of expertise which is necessary to deal with their clients/applicants (commerce in one region and oil and gas in the other).

6.2.4 Measuring process improvement

Based on the findings described in section 4.5, to measure improvements of the UCC (not AEO) authorisation application process, concerning its effectiveness (percentage of successful applications), and its 'turnaround' time which can indicate efficiency, the relevant CDMS data should be retrieved, analysed, and compared with the data from the previous period(s). The data concerning the turnaround time should also be compared with decision time-limits set out by the UCC, in order to assess if and to what extent turnaround times correspond with those decision time-limits, which can be extended if needed but should be complied with if possible.

6.2.5 Ensuring continuous process improvement through feedback and better communication

According to the findings described in section 4.4.4, to ensure that the application process is continuously monitored and keeps improving, the applicants' input is needed. That is why asking applicants for their feedback on the process in an organised manner and in a way which would ensure that applicants feel safe sharing their feedback without fear of it influencing their future relationship with Customs in a negative way, is important, as described in section 4.4.4. Although different approaches were favoured by different respondents, a survey organised and conducted by a third party for all the regions, and possibly offering a choice of anonymous and not anonymous feedback, seems to be the best solution, as it would be the same for all the regions and because of being conducted by a third party and giving the respondents the option of remaining anonymous, it would ensure that their answers would not have negative impact on their future relationship with Customs.

Improving communication between Customs and applicants, whenever applicants indicate that it is needed, is equally important. Based on the findings described in section 4.4.2.1, applicants being able to contact their account manager directly, seems the best option for many applicants and for some of the representatives of the Customs regions, however, while it is still possible in Region 3 which is not a regular Customs region, as described in sections 3.1.1 and 4.4.2.1, the regular Customs regions in the Netherlands, including Region 1 and Region 2 which took part in this study, haven't been using that way of communication for some time now, relying on their regional BCPs instead. Bearing that in mind, Customs should make sure that BCPs are well staffed, and that questions which, due their specific nature, cannot be answered by a BCP, are forwarded to other staff members within the region who can answer them.

6.3 Conclusions of the research

The way in which the UCC authorisation application process can be improved depends on identifying the reasons of its unfavourable outcomes and the ways to limit their impact. The information needed to do that comes mainly from the parties involved in the process, one of which is Customs. Customs can certainly have a role in improving the process, mainly by supplying applicants with the information they need to prepare their application, and making clear what the process involves, while stressing that the applicant is responsible for the application preparation and thus for the process duration and its outcome. Customs should make sure that they communicate with applicants because asking for feedback is the key to improvement, as without the applicants' input improvements would not be possible.

Findings regarding contribution of this study to future research are described in chapter 7, section 7.2. Most of the findings with regard to regulatory pressure described in section 5.1 (Huang et al., 2016a; Veenstra et al., 2013; Vergeer, 2017) are supported by this study, as are the findings of Grainger (2014) described in section 5.3 and concerning Customs needing to be not too inward looking but also pay attention to the way they are seen from the outside. Findings concerning the Descriptive Stakeholder Theory (Jawahar & McLaughlin, 2001) described in section 5.2, are only partially supported because the applicants taking part in this study were willingly interacting with Customs concerning their authorisation

applications regardless of their company's age, due to the fact that their authorisations could be identified as there essential or critical needs. Findings of Nurcahyo et al. (2015) described in section 5.4, could neither be proven or disproven using the findings of this research, as there were no findings relevant to this subject.

6.4 Limitations and directions for future research

6.4.1 Limitations

This research concerns customs authorisation application process, and more specifically, only the UCC (not AEO) authorisation application process in the Netherlands. The results of the research are therefore not valid for the same sort of authorisation application processes in other EU Member States, or for authorisations granted in the Netherlands by authorities other than Customs. The same is true for other customs authorisations in the Netherlands, such as excise or consumption tax authorisations, although it is likely that providing prospective applicants with enough information about the application process and application and authorisation requirements would benefit those applicants, the Customs, and the relevant process.

6.4.2 Future research

The UCC (*Regulation (EU) No 952/2013 of the European Parliament and of the Council*, n.d.) is in force in all the EU Member States and there is now one system, CDMS, meant for filing and processing UCC (not AEO) authorisation applications, and for managing the already existing UCC (not AEO) authorisations. Although all Member States have their own CDMS implementation schedules, research could be done into the UCC (not AEO) authorisation application processes and the related regulatory pressure in other EU member states and comparing the results of the research in different countries.

Research could also be done with regard to authorisation application processes in the Netherlands other than customs authorisations, thus authorisations granted in the Netherlands by other authorities.

In addition, research could be done with regard to excise and consumption tax authorisation application process in the Netherlands, especially considering plans regarding implementation of a digital system in which those applications would be filed and processed. At present, excise and consumption tax authorisations are applied for using hard copy forms. A system comparable with the CDMS would give Customs an insight into numbers of the applications per region, and into their results, as well as into the amount of time needed to complete the process. Results of such research could be even more important if plans to introduce consumption tax on products which at present are not yet subject to this sort of tax, such as meat or dairy products, are going to be implemented. If more sorts of products are subject to consumption tax, new legislation will be created, new types of authorisations will be required, and more applications will need to be processed, and that is why knowledge regarding application process and its possible improvements will be valuable.

7 Contribution to Future Research and Practice

This chapter presents this study's contribution to practice and to future research.

7.1 Contribution to Practice

Based on the findings described in chapter 4, sections 4.2 through 4.4, this study contributes to practice by identifying the most important causes of and finding a solution to the problem of too many UCC (not AEO) authorisation applications leading to unfavourable outcomes and the application process being often prolonged, which Dutch Customs and applicants in the Netherlands face at present, and thus, the study contributes to improving that process. Based on the findings described in section 4.5, the study also

describes the way in which the improvements could be measured. Section 6.2 formulates the recommendations with regard to implementing the solution and measuring the subsequent improvements.

The method by which the main reasons of the problem and its solution have been identified during this research can be used in case of future problems involving the UCC (not AEO) application process, and possibly other Customs application processes. The same can be said for the way of evaluating the process improvements.

7.2 Contribution to Future Research

This section focuses on the findings of this study described in chapter 4 confirming or disproving the findings of other studies with regard to regulatory pressure, certain aspects of G2B and B2G interaction and measuring efficiency and effectiveness of processes within a governmental organisation which are presented in chapter 5 on literature review.

7.2.1 Regulatory Pressure

The regulatory pressure described by the interviewed applicants during the application process is mainly the perceived regulatory pressure which is experienced and perceived by them (Stoter & Huls, 2006; van Heel et al., 2004; Vergeer, 2017). It can also be defined as external regulatory pressure because it comes from a government agency (de Weerd & van Bergen, 2017), and it is mandatory regulatory pressure because applicants are legally required to comply with the relevant customs regulations (Aragón-Correa et al., 2020).

According to Vergeer (2017) four out of the eleven sorts of regulations causing pressure and considered in that study, i.e., those relating to financial administration, registration and statistics, environment, and building, renovation, and special planning rules, turned out to be the biggest hindrance and had the biggest impact on most of the respondents, although not all the respondents representing different groups experienced the same sort of pressure. The regulatory pressure related to rules concerning 'import and export' was indeed the third most important kind of regulatory pressure experienced by the group of freight forwarders, logistic service providers, and storage facility operators, while it was relatively less important for other groups.

Although during this research the interviewees were not asked to compare various sorts of regulatory pressures which were caused by different regulations, the findings of this research in general support the findings of Vergeer (2017) who, amongst other things, concluded that regulatory pressure caused by financial administration and the regulatory pressure related to rules concerning 'import and export' were amongst the kinds of pressure which caused the most hindrance to the group of freight forwarders, logistic service providers and storage facility operators. Although the applicants interviewed during this study were not all freight forwarders, logistic service providers, or storage facility operators, they belonged to a specific group of businesses which had to or chose to deal with the rules and regulations concerning 'import and export' because they applied for one or more UCC (not AEO) authorisations.

The findings (Vergeer, 2017) concerning the respondents experiencing hindrance as a result of regulatory pressure, because some interviewees involved in that research were not able to understand and apply the rules and regulations without asking for help from consultants, and Customs officers not always understanding respondents' circumstances were also supported by this research, as described in section 4.4.2.2, as were the findings concerning the cost not being the most important reason causing regulatory pressure (Vergeer, 2017): only one respondent involved in this research (R2M) identified cost as a reason of application withdrawal, as described in section 4.2.3. Findings concerning Customs officials being neither particularly helpful or unhelpful (Vergeer, 2017) were also indirectly supported by most of the

applicants from Region 1 and Region 2, as most of the interviewees did not identify Customs officers they dealt with as neither helpful or unhelpful. However, those findings were not supported by a few of the applicants from Region 3, who described the Customs officers they dealt with as helpful, and a few of the Region 1 applicants who found Customs officers to have been rather unhelpful, which also would be in line with some of the conclusions Vergeer (2017) reached.

For many respondents interviewed by Vergeer (2017), the distance between them and the government was the problem, as was lack of relevant practical knowledge on the part of the civil servants who would unnecessarily or wrongly refer them to consultants and external advisors. As described in section 4.4.2.2, for some of the applicants interviewed during this research it was also true, but for wrongly referring them to consultants which the applicants interviewed during this study did not mention at all.

According to Vergeer (2017) there are three factors which determine if entrepreneurs experience regulatory pressure: cost, workability, and perceived 'use' of the regulations. Vergeer (2017) concluded that contrary to what had been assumed, the perceived regulatory pressure as experienced by Dutch entrepreneurs, depended not only on cost of a regulation, but on the three factors, where cost and workability, indicative of the effort required on the part of the entrepreneurs, were compared with perceived 'use' of a regulation (gain or loss, opportunity, or hindrance). Findings of this research agree with the conclusions Vergeer (2017) reached: the applicants weigh the cost, the effort needed and the perceived gains before they apply for an authorisation, although the perceived gains depending on fulfilling clients' demands and demands made by Customs were mentioned more often than effort or cost.

Veenstra et al. (2013) mentioned regulatory pressure connected to simplification regimes for which authorisations are needed. According to Veenstra et al. (2013) some of the potentially relevant solutions could, if not already implemented, include making sure that the involved Customs officers have enough knowledge to deal with the inspections (audits in case of an authorisation application process in this research), and helping applicants in finding the information they need to prepare their organisation for the application process. Those findings are supported by this research, according to the findings described in section 4.4.2.2. According to Veenstra et al. (2013) businesses in the logistics industry comply with the rules and regulations and don't consider those regulations a burden but a part of their daily operations. Although they belonged to different industries, this was also true for many of the applicants interviewed during this research who, according to the findings described in section 4.4.3, stated that they were prepared to make any changes necessary to obtain the authorisation they needed.

Huang et al. (2016) examined the influence of regulatory and customer pressure on certain firm's responses, which in turn influence the firm's environmental innovation performance, and concluded that regulatory pressure and customer pressure have positive influence on all but one of those responses, and that the responses mediate the relationships between regulatory pressure and customer pressure on one hand and the firms' green performance on the other.

Although the situation regarding customer pressure is different as far as the authorisation application process is concerned because customer pressure might be one of the factors influencing the decision application authorisation and as such is experienced before the regulatory pressure in connection to the application is felt, the findings of Huang et al. are partially supported by this study. Both customer pressure and regulatory pressure can have positive effect on the applicants' performance: many of the applicants interviewed during this study already had an AO/IC fulfilling the authorisation criteria or managed to make the necessary adjustments to obtain the authorisations, as described in section 4.4.3, which means that that their performance as far as customs regulations were concerned had improved. The findings of Huang et al. (2016) are not supported with regard to the applicants who had to withdraw

their application or had it not accepted or refused, as described in section 4.2, which means that regulatory pressure and/or customer pressure did not have a positive effect on their performance.

7.2.2 Interaction between government and business (G2B and B2G): Descriptive Stakeholder Theory

As described in section 4.4.3, the researcher observed that there were different opinions among Customs officers dealing with UCC (not AEO) authorisation applications, as to whether the age of a company applying for an authorisation was an important factor determining the company's willingness to comply with rules and regulations and to alter their processes and their AO/IC in order to obtain an authorisation. The Descriptive Stakeholder Theory (Jawahar & McLaughlin, 2001) which is directly relevant to this issue states that for an organisation in any given phase of its organisational life cycle certain stakeholders are more important than others because of their potential to satisfy that particular organisation's critical organisational needs. Jawahar & McLaughlin (2001) identify specific stakeholders, which become more or less important as an organisation evolves from one stage of its development to the next, and government is one of those stakeholders.

The findings of this study described in section 4.4.3 do not support the findings of Jawahar & McLaughlin (2001) concerning their descriptive stakeholder theory, that for an organisation in any given phase of its organisational life cycle certain stakeholders are more important than others because of their potential to satisfy that particular organisation's critical organisational needs, so the government, in this case Customs, as a stakeholder would be a more or less important stakeholder depending on the applicant's life cycle. The interviewed applicants which had to make considerable adjustments to their company's processes and their AO/IC in order to obtain an authorisation, stated that it did not matter how old their company was: if they decided to apply for an authorisation, and had to make those adjustments to obtain that authorisation, they would do everything they could, to obtain it, and they did apply and would apply again, regardless of their companies' 'age'.

What is supported, however, is the finding that in some circumstances, depending on the industry and the organisation, certain needs might be very important or even critical regardless of the stage of development the particular organisation is in; a need for customs authorisations could be classified as such a need, because, as described in section 4.4.3, regardless of their age, companies apply for authorisations they need and do everything they can to satisfy the authorisation criteria.

7.2.3 Customs compliance and G2B/B2G interaction

According to Grainger (2014) 'modern performance management systems require a balanced view', and that is why Customs shouldn't be only inward looking, but also need 'to capture how the organisation is viewed from outside'. This view is supported by this study as the applicants made it clear how they viewed Customs in connection to their authorisation applications. According to the findings of this study described in section 4.4.4, applicants wanted to share their feedback with Customs, and equally, Customs regions representatives wanted to receive feedback from their applicants.

7.2.4 Effectiveness and efficiency

According to Nurcahyo et al. (2015) to measure efficiency of the processes of a governmental agency Key Performance Indicators are needed: the organisation's vision and mission have to be evaluated first, then it has to be determined what the organisation's position is using Strength, Weakness, Opportunity, and Threat (SWOT) analysis; after that a strategic plan needs to be developed, in which the priorities are determined using the Analytical Hierarchy Process (AHP).

The researcher observed that although Customs do seem to have performance indicators concerning some other processes, a way to evaluate the efficiency of the UCC authorisation application process for

neither AEO or not AEO authorisations, has not been developed and is not being developed as yet, as described in section 4.5. To the best knowledge of the researcher there is no indication as to Customs possibly using the method described by Nurcahyo et al (2015). That is why there are no findings which could prove or disprove the theory of Nurcahyo et al. (2015).

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Appendix 1A: Questions Interview Applicant (AEO)

The questions below concern UCC authorisation applications filed in the EU Trader Portal. Some of the questions refer to other authorisation application processes (for example AEO or excise) as far as comparison of the experience with those processes is concerned. If your company is not an AEO or excise authorisation holder (depending on the question), then those questions are not applicable in your situation.

Questions 2 through 6 are about different outcomes of the application process and time-limit extensions. If none of your applications in the EU Trader Portal (as of 1 January 2021) resulted in an outcome described in one of those questions or there was no request for a time-limit extension, then the question is not applicable in your situation.

Process

1. Could you please briefly describe the authorisation application process concerning the applications filed in the EU Trader Portal?

Experience concerning different process outcomes

2. About the applications which were refused (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the refusal of your application(s)?
 - b) Do you think that the refusal could have possibly been prevented? How?
3. About the applications which were not accepted (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the non-acceptance of your application(s)?
 - b) Do you think that the non-acceptance could have possibly been prevented? How?
4. About the applications which were withdrawn (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the withdrawal of your application(s)?
 - b) Do you think the withdrawal could have possibly been avoided? How?
5. About the applications which resulted in an authorisation being granted (as of 1 January 2021):
 - a) In your opinion, could anything have been done to make the process easier and more efficient?
6. About the decision time-limit extensions requested by applicant (as of 1 January 2021):
 - a) What were the most important reasons for the request to extend the decision time-limit?
 - b) In your opinion, could anything have been done so the extension wouldn't have been necessary?

Process experiences

7. What is your experience with the following steps of the process (positive and negative, from your perspective as the applicant):
 - a) filing the application in the EU Trader Portal?
 - b) the application being accepted or not accepted?
 - c) the audit conducted by the Customs after the application had been accepted?
8. In your opinion, what could possibly be done to eliminate or to limit the negative experiences you mentioned?
9. During the audit after the application acceptance, it sometimes transpires that the applicant's AO/IC is not adequate for the applicant to be granted the authorisation that has been applied for,

which means that applicant must either accept the application's refusal or be prepared to make the required adjustments to the AO/IC (processes, internal controls) to be able to fulfil the authorisation criteria.

Did it happen in your case as well?

If so, to what extend were you/was your company prepared to make the adjustments and has it been enough to receive the authorisation?

10. Do you think that you/your company would be more or less prepared to make the adjustments if your company were younger or older/ in a different stage of development?
11. Your company is an AEO authorisation(s) holder.

Did your experience with the AEO authorisation application process and the AEO authorisation(s) maintenance help you with (preparation for) the authorisation application process concerning an application filed in the EU Trader Portal and/or with preparation for the questions asked by Customs during the audit concerning your application?

If so, how?

If not, why not?
12. Do you have an experience with authorisation applications in the EU Trader Portal in different Customs regions within the Netherlands?

If so, how do different regions compare as far as the application process is concerned? What are the differences?
13. Have you shared your opinion about the application process with the Customs?
 - a) If so, how was your feedback received?
 - b) Do you think it would be a good idea if applicants were given an opportunity to give the Customs their feedback every time after the authorisation application process has ended?

Possible improvements

14. In your opinion, what could the Customs do to make the authorisation application process easier for the applicants?
15. In your opinion, what could the applicants themselves do to make the process go more smoothly?
16.
 - a) In your opinion, what else could be done to make the process more effective and more efficient?
 - b) In your opinion, what are the most important indicators which can be used to measure the efficiency of the process?

Differences authorisation application processes other authorisations (AEO, excise)

17. If you are an AEO authorisation(s) holder:
 - a) How does your experience with the AEO authorisation application process compare to the authorisation application process concerning the authorisation applied for in the EU Trader Portal?

If there are differences, what are they?

b) In your opinion, could a self-assessment (like the AEO self-assessment) be helpful to applicants while preparing an application concerning other UCC authorisations (applied for in the EU Trader Portal)?

18. If you are an excise authorisation(s) holder:
How does your experience with the excise authorisation application process compare to the authorisation application process concerning the authorisation applied for in the EU Trader Portal?
If there are differences, what are they?

Other

19. Would you like to add anything to what has already been said?
Yes:

Appendix 1B: Questions Interview Applicant (no AEO)

The questions below concern UCC authorisation applications filed in the EU Trader Portal. Some of the questions refer to other authorisation application processes (for example AEO or excise) as far as comparison of the experience with those processes is concerned. If your company is not an AEO or excise authorisation holder (depending on the question), then those questions are not applicable in your situation.

Questions 2 through 6 are about different outcomes of the application process and time-limit extensions. If none of your applications in the EU Trader Portal (as of 1 January 2021) resulted in an outcome described in one of those questions or there was no request for a time-limit extension, then the question is not applicable in your situation.

Process

- 1) Could you please briefly describe the authorisation application process concerning the applications filed in the EU Trader Portal?

Experience concerning different process outcomes

2. About the applications which were refused (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the refusal of your application(s)?
 - b) Do you think that the refusal could have possibly been prevented? How?
3. About the applications which were not accepted (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the non-acceptance of your application(s)?
 - b) Do you think that the non-acceptance could have possibly been prevented? How?
4. About the applications which were withdrawn (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the withdrawal of your application(s)?
 - b) Do you think the withdrawal could have possibly been avoided? How?
5. About the applications which resulted in an authorisation being granted (as of 1 January 2021):
 - a) In your opinion, could anything have been done to make the process easier and more efficient?
6. About the decision time-limit extensions requested by applicant (as of 1 January 2021):
 - a) What were the most important reasons for the request to extend the decision time-limit?
 - b) In your opinion, could anything have been done so the extension wouldn't have been necessary?

Process experiences

7. What is your experience with the following steps of the process (positive and negative, from your perspective as the applicant):
 - a) filing the application in the EU Trader Portal?
 - b) the application being accepted or not accepted?
 - c) the audit conducted by the Customs after the application had been accepted?
8. In your opinion, what could possibly be done to eliminate or to limit the negative experiences you mentioned?

9. During the audit after the application acceptance, it sometimes transpires that the applicant's AO/IC is not adequate for the applicant to be granted the authorisation that has been applied for, which means that applicant must either accept the application's refusal or be prepared to make the required adjustments to the AO/IC (processes, internal controls) to be able to fulfil the authorisation criteria.
 - a. Did it happen in your case as well?
 - b. If so, to what extend were you/was your company prepared to make the adjustments and has it been enough to receive the authorisation?
10. Do you think that you/your company would be more or less prepared to make the adjustments if your company were younger or older/ in a different stage of development?
11. Your company is not an AEO authorisation(s) holder.

Do you think your experience with the authorisation application process as it was concerning the UCC (non AEO) authorisations you applied for via the EU Trader Portal, will influence your decision to apply or not to apply for AEO authorisations?
Why 'yes'? Or why 'no'?
12. Do you have an experience with authorisation applications in the EU Trader Portal in different Customs regions within the Netherlands?
 - a) If so, how do different regions compare as far as the application process is concerned?
What are the differences?
13. Have you shared your opinion about the application process with the Customs?
 - a) If so, how was your feedback received?
 - b) Do you think it would be a good idea if applicants were given an opportunity to give the Customs their feedback every time after the authorisation application process has ended?

Possible improvements

14. In your opinion, what could the Customs do to make the authorisation application process easier for the applicants?
15. In your opinion, what could the applicants themselves do to make the process go more smoothly?
16. Efficiency and effectivity of the process:
 - a) In your opinion, what else could be done to make the process more effective and more efficient?
 - b) In your opinion, what are the most important indicators which can be used to measure the efficiency of the process?

Differences authorisation application processes other authorisations (AEO, excise)

17. If you are an AEO authorisation(s) holder:
 - a) How does your experience with the AEO authorisation application process compare to the authorisation application process concerning the authorisation applied for in the EU Trader Portal?
If there are differences, what are they?
 - b) In your opinion, could a self-assessment (like the AEO self-assessment) be helpful to applicants while preparing an application concerning other UCC authorisations (applied for in the EU Trader Portal)?

18. If you are an excise authorisation(s) holder:

How does your experience with the excise authorisation application process compare to the authorisation application process concerning the authorisation applied for in the EU Trader Portal? If there are differences, what are they?

Other

19. Would you like to add anything to what has already been said?

Appendix 2: Questions 1st Interview Customs Regions

Questions 1 through 16 concern authorisation applications lodged in CDMS

Process

1. Could you please describe the authorisation application process (concerning CDMS authorisations) in your region?

Experience concerning different process outcomes

2. About the applications which were refused (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the refused application in your region?
(you don't have to list all the reasons, it's about the most common and/or the most important and/or the most notable)
 - b) What could be done to limit the number of the refusals?
3. About the applications which were not accepted as of 1 January 2021:
 - a) In your opinion, what were the most important reasons for the non-accepted applications in your region?
(you don't have to list all the reasons, it's about the most common and/or the most important and/or the most notable)
 - b) What could be done to limit the number of the non-accepted applications?
4. About the applications which were withdrawn (as of 1 January 2021):
 - a) In your opinion, what were the most important reasons for the withdrawn application in your region?
(you don't have to list all the reasons, it's about the most common and/or the most important and/or the most notable)
 - b) What could be done to limit the number of the withdrawn applications?
5. About the applications which resulted in an authorisation being granted (as of 1 January 2021):
 - a) Could anything be done to increase the number of granted authorisations?
(except for everything that has already been named concerning limiting of the numbers of refused, non-accepted and withdrawn applications)
6. About the decision time-limit extensions requested by applicant (as of 1 January 2021):
 - a) In your opinion, what are the reasons why applicants request the decision time-limit extension?
(you don't have to list all the reasons, it's about the most common and/or the most important and/or the most notable)

Process experiences

7. What is your experience with the process (positive and negative aspects, from your perspective as customs officer processing applications or auditing)?
 - a) filing the application in the EU Trader Portal?
 - b) the application being accepted or not accepted?
 - c) the audit conducted by the Customs after the application had been accepted?
8. In your opinion, what could possibly be done to eliminate or to limit the negative experiences you mentioned?

9. In your opinion, are there differences in the way in which the process works for applicants who are new to the applications and applicants who already have customs authorisations and/or are AEO? If your answer is 'yes', what are the most important or most noticeable differences?
10. In your opinion, are there differences in the way in which the process works for applicants who are new companies and applicants whose companies have been operating for a long period of time? If your answer is 'yes', what are the most important or most noticeable differences?
11. What is your impression with regard to the way in which applicants experience the process? (positive and/ or negative aspects, what is the most difficult, other insights)
12. During the audit after the application acceptance, it sometimes transpires that the applicant's AO/IC is not adequate for the applicant to be granted the authorisation that has been applied for, which means that applicant must either accept the application's refusal or be prepared to make the required adjustments to the AO/IC (processes, internal controls) to be able to fulfil the authorisation criteria.
If so, what is your impression with regard to applicants being prepared to make the required adjustments?
13. Did some of the applicants share with you their opinion about the application process?
 - a) If so, what did they say? (the most important things)
 - b) Do you think it would be a good idea if applicants were given an opportunity to give the Customs their feedback every time after the authorisation application process has ended?

Possible improvements

14. In your opinion, what could the Customs do to make the authorisation application process easier for the applicants?
15. In your opinion, what could the applicants themselves do to make the process go more smoothly?
16. In your opinion, what else could be done to make the process more effective and more efficient?

Other (AEO and excise)

17. Is the AEO authorisation application process in your region organised in a way similar to the process concerning the other UCC authorisation applications?
18. Is the excise and consumer tax authorisation application process in your region organised in a way similar to the process concerning the other UCC authorisation applications?

Other

19. Would you like to add anything to what has already been said?

Appendix 3: Questions 2nd Interview Customs Regions

Questions 1 through 14 concern authorisation applications lodged in CDMS

Process: preparing for application

1. According to applicants Customs could give more information to the (prospective) applicants to help them to prepare better for the application process.
In your opinion, would making the following material available on the Customs website be a good idea?
Why yes or why not?
 - a) Self-assessments for all different sorts of applications (questions depending on a sort of authorisation), comparable with the AEO self-assessment,
 - b) Questionnaires such as those which at the moment are shared with applicants after application was filed (just before the audit begins),
 - c) A checklist or a template where, depending on the sort of the authorisations all topics to be included in an AO/IC of the applicant,
 - d) Clear references to specific parts, chapters, and chapter sections of the Handboek Douane, where the information relevant to application is given.
2. Could you please arrange the options or combination of the options given in the previous question (1a through 1d), giving the best one first and the worst one last place? Could you please explain your choices?
3. In your opinion, would sharing the audit questions (except for the follow up questions depending on answers to other questions) be a good idea?
Why yes or why not?
4. In your opinion, would sharing the audit questions (Q3 above) be a better idea than having the materials named in question 1 (1a through 1d) or a combination thereof?
Why yes or why not?
5. With regard to questionnaires named in question 1b): could the questions be made more clear if references to information on the Customs website or the Handboek Douane were given next to the questions (definitions, explanations etc.)?

Process: filing the application in the EU Trader Portal

6. In your opinion, would it be a good idea to ask applicants for feedback in a structured way, and then analyse it and report the most frequently named topics to the EU system administrator in Brussels?
(no malfunctions, but things to be improved and ideas over user friendly functionalities)?
7. In your opinion, could the colleagues take users' and applicants' wishes into consideration while updating the Dutch EU Trader Portal manual?

Process: acceptance

8. In your opinion, could a quick pre-scan of registered applications and a sort of preliminary 'consultation' with applicants be possible, so the applicants would know, as soon as possible, if their application would be accepted or not?

Communication before, during and after applying for an authorisation, including during the acceptance phase

9. A certain number of the interviewed applicants said they wanted Customs to communicate better, before, during and after their applications are lodged (a different option than communication via the Douanetelefoon or BCPs).

What do you think about the following options or their combinations?

Why yes or why not?

- a) A central phone number for specific questions concerning applications (not EU Trader Portal questions)?
- b) An internet forum where questions could be asked and then answered by Customs within a short period of time?
- c) A 'Q&A hour' online to ask the questions?

10. Which of those options would be the best choice and why?

Process: audit

11. Would creating and using a 'light' version of the audit questions a good idea?

Feedback

12. Feedback:

- a) Would it be a good idea to give applicants a chance to give their feedback after application process has ended?
Why yes or why not?
- b) If your answer is 'yes': how should it happen? Via a questionnaire, a form or during a conversation? Anonymously or not?

Efficiency

13. In your opinion, what are the most important indicators that could be used to assess the efficiency of the application process?

Other

14. In your opinion, are some of the decision time-limits set by the UCC too short to be able to process an application?
15. Would it be a good idea if excise and consumer tax applications were filed online?
Why yes and why not?
16. Would you like to add anything to what has already been said?